Daily Report

Latin America

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FBIS-LAT-91-023 *4 February 1991*

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Cuba

Efforts To Promote Foreign Investment Announced

PA0302174691 Madrid EFE in Spanish 0111 GMT 3 Feb 91

[Text] Havana, 2 Feb (EFE)—It was announced today that in an effort to attract foreign investments, Cuba will promote the creation of mixed capital businesses in association with Western partners. To this end Cuba will grant tax exemptions on imported materials and the free repatriation of profits.

A 1982 decree, issued by direct order from Cuban President Fidel Castro to help create this type of businesses, was set in motion at the end of 1987, but it is only now that the government is clearly willing to implement the decree.

A document issued by the Cuban Chamber of Commerce on the 25th anniversary of the Foreign Trade Arbitration Court, states that the creation of mixed businesses is an ideal way of "successfully conducting our foreign trade relations."

The text states that "the radical transformations that have taken place in East European countries, and the powerful trend toward privatization that is cropping up everywhere, in every country, are undoubtedly a new reality for the economic sector and must be taken into consideration."

In the beginning, the formation of mixed businesses was limited to the tourism sector; however, the authorities have reiterated their interest in extending this type of business deal to every sector of the economy.

In order to attract foreign investments, Cuba will grant its Western partners a wide range of terms, and it will guarantee that the commercial agreements contracted will be executed in the manner and under the conditions agreed upon.

Among the most notable advantages Cuba's partners will receive are the tax-free use of the land on which buildings are erected, tax exemptions on imported materials, 50 percent of the benefits for 25 years which are extendable to 50 years, and the free repatriation of profits.

According to economic analysts, it is still too early to determine whether or not the advantages that Cuba is willing to extend to promote foreign investments will, in practice, encourage a flow of capital from the West, because until now such investments have not been significant. Most analysts agree, however, that the prospects for this new method are good.

Castro Attends Havana Party Provincial Assembly

FL0202192591 Havana Radio Reloj Network in Spanish 1902 GMT 2 Feb 91

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, has just arrived at the party provincial assembly in Havana. The meeting is being held at the General Antonio Maceo Interservice School in Caimito Municipality. It is being attended by 260 delegates and about the same number of guests.

Castro Concerned About Trade With USSR

PA0402041491 Madrid EFE in Spanish 0305 GMT 4 Feb 91

[Text] Havana, 3 Feb (EFE)—Cuban President Fidel Castro today expressed concern over the possibility that the USSR will be unable to fulfill the trade agreements recently signed with his country, despite the Soviet authorities' political willingness to maintain these bilateral relations.

Castro delivered a brief speech today at the assembly of the Havana Province Communist Party, which has been been meeting for two days to study the general situation of the province as part of the preparations for the fourth Communist Party, which will be held in the first half of 1991, at an undetermined date.

"In the USSR there is a political willingness to maintain trade relations with Cuba at a reasonable level, but the difficulties that the USSR is experiencing make its timely fulfillment unpredictable," the leader of the Cuban revolution stated.

Castro confirmed that the strategic lines of utmost priority for the country's development in these difficult times are: the "food plan," the development of tourism, and the promotion of biotechnology and the pharmaceutical industry.

The "food plan" must guarantee the island's self-sufficiency in the area of food, replacing what it used to import.

In this regard, Castro explained that the country's main agricultural problem is not the shortage of land but the lack of manpower. As a result, more than 200,000 residents of the Cuban capital will have to work on agricultural projects near Havana in 1991.

Ambassador to UN Comments on Persian Gulf War

PA0202013191 Havana International Service in Spanish 0100 GMT 31 Jan 91

[Telephone interview with Ricardo Alarcon de Quesada, permanent ambassador to the United Nations, by Jorge Ulate Segura in New York; date not given—recorded]

[Text] [Ulate] Mr. Ambassador Ricardo Alarcon de Quesada, Cuban ambassador to the United Nations—let us recall that Cuba is a non-permanent member of the Security Council. Mr. Ambassador, it was announced today that the UN secretary general viewed with satisfaction the Soviet-U.S. communique which suggests that something must be done about the war being waged in

the Persian Gulf. What is your impression of what is happening there and how does it reflect on the United Nations?

[Alarcon] What is happening there in the Persian Gulf, according to all indications fro n the news media, is that war has been unleashed and that it is a conflict that will seemingly become more complicated and last longer than many had originally foreseen. What is happening is that the United Nations is really facing a very delicate situation. According to the charter, the UN Security Council has a fundamental duty to act to preserve international peace. Although the Security Council has been quite involved in the Iraq-Kuwait conflict from the very beginning, since the conflict broke out the Security Council has been silent, has been deaf, and has not acted, and this despite the fact that it was asked by several member states of the organization to convene an urgent meeting two weeks ago. This was also formally requested by two member states of the Security Council—Yemen and Cuba. I would say that the situation is quite delicate and serious because the Security Council has the obligation of functioning permanently and of holding a meeting immediately upon the request of any member state. As of today, this has been ignored. Therefore, if we think that the war may be prolonged and that this illegal inaction of the Security Council may be prolonged, the consequences of the war, which will be frightful in terms of the destruction of human lives, material losses, ecological losses, et cetera are also going to be very serious in terms of the prestige and authority of the organization in the future.

[Ulate] Mr. Ambassador, what can the paralysis of the Security Council be attributed to, or is it a paralysis of diplomatic efforts in general?

[Alarcon] The only reason can be that in reality some countries have sought to use and manipulate the Security Council, to take advantage of it in order to unleash the war. That war is presented to the world as a multinational effort, as an action that is being undertaken under the authorization of the UN Security Council. Paradoxically enough, no sooner did the war break out did the Security Council disappear from the scenario. The same states that have used the Security Council to wage war now manifest a genuinely surprising fear that the Security Council will actually meet. The fear is so great that it has led them to create a truly illegal situation within the Security Council. This has done a disservice to the organization, which unfortunately was so generous, so acquiescent.

[Ulate] Mr. Ambassador, the resolution that has permitted this conflict to break out says that the use of all necessary means are authorized. How do you interpret that sentence?

[Alarcon] In the usual language of the United Nations, the expression all necessary means is that nothing is excluded. Therefore, military-contolled media are included. However let us not forget that it says all. This means that if we can go before the United Nations for military purposes, it does not mean that other possibilities are therefore abandoned. Otherwise it would not have said all, it would have simply and plainly stated that war is authorized.

That is an additional reason in our favor, in favor of those of us who demand that the UN Security Council meet immediately. Even though a war may be going on, we cannot abandon the search for peace through other means. I would add, it is precisely because there is a war and because the war brings massive human suffering and damage for all participants and the world in general that the UN Security Council has a greater obligation. It must resort to all possible means. The war has already started. Some may be happy because they have finally reached their objective of provoking destruction and death in the gulf region, but we must not forget that the same resolution, which they used so skillfully, used the word, all, and currently they have resorted to no other mechanism but war. That is absolutely unacceptable.

[Ulate] Mr. Ambassador, in your various contacts here and outside the United Nations, do you think there is still an opportunity for a peaceful political and diplomatic solution?

[Alarcon] I believe there is as long as both sides express their sincere desire to adhere to international law. We believe that Iraq has the obligation of ending their illegal occupation of Kuwait. Kuwait has the right to have its independence and sovereignty restored. However, the other states—those that are involved in the war against Iraq—especially the members of the Security Council, have the same obligation to respect the UN Charter and international norms, including the Security Council regulations. In other words, they have the obligation to hold a meeting as requested by several member states to consider the possibilities of a peaceful diplomatic solution to this conflict.

[Ulate] Ambassador Ricardo Alarcon, thank you very much for this interview. This has been Jorge Ulate Segura reporting from the United Nations in New York.

Alarcon on Security Council's Lack of Action

FL0102150091 Havana Tele Rebelde Network in Spanish 1300 GMT 1 Feb 91

[Text] Cuba has denounced the complacency with which the UN Security Council has been observing the deaths of thousands of people in the Persian Gulf without calling a formal meeting to seek a solution to the crisis. Cuban Ambassador to the United Nations Ricardo Alarcon de Quesada has criticized this violation of the procedural regulations of the Security Council and stated that thousands of men and women on both sides are being killed while that organization ignores its members' points of view because some are opposed to a formal meeting.

Alarcon added that technically and morally, the Security Council cannot deprive anyone of the right to be heard, especially on a subject that involves international peace and security. For the past week the five northern African countries, Sudan, Yemen, and Cuba have requested that President of the UN Security Council Javier Perez de Cuellar [as heard] call a formal meeting. This meeting has not been called, and a lack of consensus and the need for informal consultations have been given as the reason.

Roa Criticizes Imposition of War on UN Council

Wants War Philosophy Eradicated

FL0102225891 Havana Radio Reloj Network in Spanish 2105 GMT 1 Feb 91

[Text] After criticizing the imposition of the logic of war on the UN Security Council, Cuba has said at the United Nations that there will never be a safe or free world if the philosophy of war, that of plundering, is not eradicated once and for all.

In a speech delivered before the 47th UN Human Rights Commission meeting, Raul Roa Kouri, the Cuban foreign relations vice minister, said that despite hopeful signs to achieve a world free from the threat of a nuclear holocaust, old tensions still persist.

As an example he cited the situations in Africa, Latin America, and the Middle East, particularly in the occupied territories of Gaza and the West Bank.

Raul Roa Kouri added that despite repeated calls made by the international community, and acting under the shadow of its allies, Israel has not been punished for openly violating the fourth Geneva Convention on the protection of civilians during times of war.

Calls For Peace Conference

FL0202020091 Havana Radio Rebelde and Cuba Vision Networks in Spanish 0100 GMT 2 Feb 91

[Text] Today Cuba criticized the imposition of the logic of war on the UN Security Council. It added that in view of this, the result of the Persian Gulf conflict is unpredictable.

Speaking before the 47th UN Human Rights Commission meeting in Geneva, Raul Roa Kouri, the Cuban foreign relations vice minister, said that the world will never be safe if the philosophy of war, that of plundering, is not eradicated. As an example he cited the case of the Palestine people.

Roa Kouri added that Zionist authorities continue to violate the fourth Geneva Convention on the protection of civilians during times of war. He said that to do this Israel has the backing of its loyal ally, the United States, which protects Israel by vetoing the passing of UN Security Council resolutions condemning Israel.

Roa Kouri also expressed Cuba's support for a just and lasting solution to the Arab-Israeli conflict which is rooted in the Palestinian issue. He added that this demands the urgent holding of a Middle East peace conference.

Cites U.S. Interest in War

PA0202154791 Havana International Service in Spanish 0100 GMT 2 Feb 91

[Statement by Cuban Vice Minister of Foreign Relations Raul Roa Kouri, head of the Cuban delegation to the UN Human Rights Commission's 47th session in Geneva, on 1 February—recorded]

[Text] In the speech I delivered today at the UN Human Rights Commission, I referred to the situation in the occupied Arab territories, including Palestine. Within this context I said that the situation in those territories is as it is because Israel has always had the unconditional support of the U.S. Government, its strategic ally.

I also said that it is the U.S. Government that has hindered every resolution presented to the Security Council to put an end to illegal activities that violate the UN Charter and Israel's international rights. The United States has exercised its right to veto within the Security Council. Within this context I referred to the double standard of the United States because it is now presenting itself to the world—or it has attempted to do so—as a champion of people's rights to self-determination, forgetting or hoping that we would forget that only a year ago it invaded Panama and trampled the Panamanian people's right to self-determination. A few years earlier it invaded tiny Grenada, smashing the Grenadian people's right to self-determination.

Today, moreover, the United States would have us believe that its sole or main interest is altruistic—that it is attempting to help the Kuwaiti people recover their right to self-determination—when we all know that deep down the United States wants to corner the region's oil and take possession of it, and to stick its imperialist boot in the Gulf region and Middle East. This is the core of the matter. Furthermore, the United States is attempting to convince the Security Council of its war logic, and it has in fact done so. This is contrary to the UN Charter's text. The Security Council's primary purpose is to preserve or restore peace. In other words, it should seek peaceful solutions instead of waging war.

Gulf War's Effects on Latin America Noted

PA0402023991 Havana International Service in Spanish 0100 GMT 2 Feb 91

["Our America" commentary by Manolo Ortega]

[Text] The war in the Persian Gulf ceased to be a terrible nightmare and became a dramatic reality more than 15 days ago. The conflict is closely followed by millions of human beings who feel stunned and frustrated in the face

of the world's uncertain future because of the political leaders' inability to avoid a war which has catastrophic consequences for the economy, the earth's ecological system, and the development of less industrialized nations.

The less industrialized countries are in particular the ones which in the long run will be the most harmed by the events in that explosive geographic area. The meager economies of Latin America and the Caribbean will indirectly suffer further depletion. This is first of all shown by higher prices for petroleum, the price of which ranges from $20 to $25 a barrel. With the exception of the five main petroleum exporters—Venezuela, Mexico, Ecuador, Colombia, and Trinidad-Tobago—the rest of the Latin American nations are already facing the grave economic consequences derived from the conflict. Statistics of nongovernmental organizations in Argentina, Brazil, Uruguay, and Peru indicate that the Persian Gulf war's first impact has been to reduce the already low industrial growth indexes by close to 0.5 percent.

Numbers might not clearly show what this entails. According to the sources, the first result is the sharp increase in unemployment because of the paralyzation or reduction in industrial production in dozens of factories, the bankruptcy of small and medium sized businesses, and the increase in the electricity and water rates and fuel prices. To this we must logically add an increase in the price of the basic food basket for the Latin American family. This situation obviously has a negative effect on the size of the region's more than $420 billion foreign debt in view of the fact that the annual petroleum expenditures increase and the scarce credits to finance development projects carry higher interest rates.

The petroleum exporting countries are also victims of the war. The petroleum revenue creates an artificial bonanza because it is provoked by a circumstantial situation and is used to a large extent to pay for the interest on their foreign debt rather than on the countries' development. This creates a vicious circle, in which the funds obtained now are used to help pay for old debts and to obtain new ones on the basis of the temporary liquidity those countries are presently enjoying. In other words, the multinational companies and the western industrialized countries will be the ones to benefit from the war.

The situation becomes even more dramatic if we take into account the unipolarity existing in the world today as a result of the collapse of the eastern European regimes and the crisis in the Soviet Union. This unipolarity paralyzes the factor which had served as a counterbalance to the imperialist voracity. From this we can see the senselessness of the war which today involves more than 20 countries in the Persian Gulf region. Its cost in human lives, material assets, and damage to the ecosystem and the universal culture are added to the grave socioeconomic situation being experienced by a large part of the world as a result of the war. The disappointment and uncertainty felt by many people in the face of the outbreak of this conflict are the logical reaction of the common man in any part of the world who worries about the planet's future.

Angolan Ambassador on Armed Struggle Anniversary

FL0202002491 Havana Radio Reloj Network in Spanish 2237 GMT 1 Feb 91

[Text] During a news conference held today in Havana, Luis Dokui de Castro, the Angolan ambassador to Cuba, expressed his country's desire to achieve and consolidate peace to successfully implement the current opening process.

The Angolan diplomat also referred to the importance that the Angolan people grant to the 30th anniversary of the start of the armed struggle for national liberation which is commemorated on 4 February.

He added that after 14 years of armed struggle for national liberation, the Angolan people are compelled to continue the war against its enemies, headed by the United States, both at the domestic and foreign level.

During the period ranging from 1976 to 1990 of this undeclared war, Angola experienced losses totaling $22 billion and 100,000 deaths.

Angolan Ambassador Luis Dokui de Castro also said the Angolan Government and the National Union for the Total Independence of Angola [UNITA] are scheduled to hold the 6th round of peace negotiations in the next few days.

The Angolan ambassador stated that among those issues included in the agenda of the 6th round of peace negotiations are UNITA's right to stage and participate in political activities following the enforcement of the cease-fire, and an end to the supply of war materials by the United States and other countries. Also included in the agenda is the establishment of a national army which will remain neutral during the elections that will be controlled by international observers.

The Angolan ambassador added that Angola and Cuba will continue to maintain privileged bilateral ties which will prevail beyond the historic period Angola is currently experiencing.

Views Struggle, Economy, Reform

FL0202034591 Havana Radio Rebelde Network in Spanish 0000 GMT 2 Feb 91

[Report by Gisela (Beleredia)]

[Text] Today Luis Dokui de Castro, the ambassador of the People's Republic of Angola, held a news conference in Havana on the occasion of the 30th anniversary of the start of the armed struggle for national liberation which is commemorated on 4 February.

The ambassador said that it was the glorious armed struggle launched by the Popular Liberation Movement

of Angola [MPLA] at the time that led to the overthrow of the Portuguese regime and the independence of the Portuguese colonies.

He added that, nevertheless, the Angolan people have been compelled to continue the war against its enemies both at the domestic and foreign level.

[Begin De Castro recording] From 1975 to 1990, Angola suffered losses totalling about $22 billion and over 100,000 deaths. Moreover, over 40 percent of the national income had to be invested in war materiel. [end recording]

The Angolan ambassador also referred to the agreements achieved by the Second and Third MPLA Congress, particularly the latter. He said that the Third MPLA Congress established as its strategic objectives the implementation of a market economy, a multiparty system, and a social democracy.

In response to a question, the Angolan ambassador said:

[Begin De Castro recording] At this time, we are drafting the political parties law, and the press law, which will allow the political parties to have access to the media.

We are also working on amending the Constitution. This is not the constitutional reform I had mentioned earlier, but a constitutional amendment that will allow the establishment of a multiparty system by the end of March.

Regarding the economy, I can add that in 1990 we approved a foreign investment law that allows foreign countries to participate in our economy. We are restructuring state companies. (?The state) will retain control over most of the important production companies, but national and foreign private sectors will be allowed to establish companies. Thus, they will be able to exploit formerly state-owned companies, some of which are experiencing economic difficulties. [end recording]

Regarding bilateral ties with Cuba, the Angolan ambassador said that some of the areas in which traditional Angolan-Cuban ties can be maintained and strengthened are the health, education, and scientific cooperation sectors.

UNITA Attacks Against Cubans Denounced

FL0202192091 Havana Tele Rebelde Network in Spanish 1800 GMT 2 Feb 91

[Text] Cape Town [words indistinct] regular meeting of the joint commission for the verification of the tripartite accords on southwestern Africa. Hours after the arrival at this city's international airport, the participating delegations were [words indistinct] South Africa, Frederik de Klerk, in one of the rooms of the presidential building.

The South African chief of state welcomed the visitors and reiterated the commitment made through the New York accords. In addition, De Klerk briefly [words indistinct] commented on the changes that are taking place in his country and the outlook of southern Africa.

The work of the joint commission began behind closed doors, as usual. The commission met at the Lord Charles Hotel in Somerset West, located some 50 km from Cape Town, to discuss the current situation in the region. The delegations from [words indistinct] South Africa, Namibia, and Cuba participated in the discussions. The Cuban delegation was headed by Division General Jesus Bermudez Cutino, vice interior minister. The United States and the Soviet Union attended as observers.

During the meeting, Cuba denounced the reiterated attacks carried out by UNITA [National Union for the Total Independence of Angola] against the Cuban military personnel in Angolan territory. The 28 November 1990 attack was mentioned specifically. These acts were condemned by the attending delegations. Their members expressed their condolences for the loss of human lives. Likewise, the Cuban delegation reported on the fulfillment of the withdrawal schedule of the Cuban internationalist troops from Angola as agreed by the two countries in New York in December 1988.

The members of the joint commission also discussed the political situation in the southwestern African region. Which although is generally heading toward peace and the negotiated solution of the conflicts, it is still facing various obstacles: mainly, the continuation of foreign intervention in Angola. This topic was discussed at length during the session.

Finally, it was agreed to hold the next meeting during the second half of April in Luanda, capital of the People's Republic of Angola.

DPRK Envoy Remarks on Team Spirit 91 Exercises

FL0202134791 Havana Radio Reloj Network in Spanish 2307 GMT 1 Feb 91

[Text] DPRK Ambassador Pak Chung-kuk has noted in this capital the destabilization and aggressive goals of the United States and the ROK with the announcement of the Team Spirit 91 joint military exercises. The diplomat briefed reporters during a news conference on the contents of his country's Foreign Ministry statement on the matter.

The decision to conduct the exercises is in intolerable defiance of our nation, which is making sincere efforts for the preservation of peace on the Korean peninsula and the creation of the conditions for the peaceful reunification of the country, said Pak Chung-kuk.

The Korean diplomat stated that the intentions are to destroy all possibilities of dialogue and peace in the area with the announcement of that nuclear test which has the northern area of the country as a target.

Murderer Sentenced To Death by Firing Squad

FL0202023091 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 2 Feb 91

[Text] At the end of December 1990, the Cuban media reported the arrest of Cuban citizen (Joaquin Emiliano Duenas Carbonel), the murderer of two policemen who on 27 December had arrested him on charges of being a suspect in a robbery at a house located in the Cotorro Municipality.

During the public trial of this case held today, the accused pleaded guilty to the charges raised against him.

[Begin recording] [Unidentified prosecutor] All Cubans were shocked and have repudiated this incident. Many comrades from other provinces have expressed their concern over this incident. They were concerned about how this crime would be punished.

Such a crime is beyond just being in absolute contempt of the established authorities and of those who enforce the law which the legal institutions are compelled to safeguard.

Policemen are the agents of the courts. These men are in the front lines combating crime and corruption. These men give the best of themselves every day to safeguard discipline and order. Every day these men safeguard the interests of the working people. They defend and protect their interests.

[Unidentified presiding judge] Will the accused, (Joaquin Emiliano Duenas Carbonel), please stand.

This court has made the following decision:

The sentence is as follows: death by firing squad.

This case can hereby be automatically appealed before the superior court. This court is adjourned. [end recording]

Inter-Caribbean Affairs

OECS Summit Discusses Economic Recovery, Peace

FL0102143591 Bonaire Trans World Radio in English 1130 GMT 1 Feb 91

[Text] St. Lucian Prime Minister John Compton has called on his country to prepare for rough economic times. At the summit of the Organization of Eastern Caribbean States [OECS], Mr. Compton said that any promises of economic recovery and peace had gone up in gunsmoke in the Middle East, as he put it, and that industry in the Caribbean must improve its quality if it expects to compete in the world. He warned of likely negative growth over the long term in the Caribbean region.

Plans To Improve Economy

FL0102222091 Bridgetown CANA in English 1728 GMT 1 Feb 91

[Excerpts] Castries, St. Lucia, Feb 1, CANA—The Organisation of Eastern Caribbean States (OECS) has agreed to a phased removal of quantitative restrictions on all imports, as the sub-region faces up to a worsening international economic environment, informed sources told CANA [CARIBBEAN NEWS AGENCY] on Friday. The sources said that the OECS—a seven member grouping—has also agreed to pursue an export-led industrialisation strategy and to implement an effective trade policy as a means of overcoming economic problems. [passage omitted]

The seven were said to have agreed to intensify efforts at increasing the level of direct foreign investment in the sub-region. The OECS has mandated the Antigua-based economic affairs secretariat and the Eastern Caribbean Central Bank to "collaborate in the developments of an overall industrialisation strategy which would target particular sectors for development," the sources said.

In their review of the OECS economy, the OECS leaders meeting here were told that there was a "fundamental weakness in the economies of the OECS member states which required immediate follow-up action" in light of the international economic environment.

The sources said that as a means of improving trade within the sub-region, member states were urged to "immediately put in place agreed measures to give full effect to intra-OECS trade liberalisation."

"Member states have also been urged to remove all impediments in the way of total OECS free trade, and have agreed that efforts should be made at identifying problems adversely affecting OECS export trade....," the sources said.

Meets Surinamese Envoy

FL0202152091 Bridgetown CANA in English 1454 GMT 2 Feb 91

[Text] Castries, St. Lucia, Feb 2, CANA—Suriname, seeking to justify the Christmas Eve coup which toppled the government there sent an envoy to meet with leaders of the Organisation of Eastern Caribbean States (OECS) during their just-ended two-day summit, Dominica's Prime Minister Eugenia Charles said.

Charles told reporters at the end of the summit here Friday night, that the envoy presented a copy of the Suriname Constitution in a bid to justify the coup by the Army. "According to the Constitution, the Army in fact has a duty to assist the change from one democratic process to another democratic process," Charles said, indicating that the OECS leaders did not discuss the issue with the envoy.

"...We did not discuss it.... That is something the ministers of foreign affairs will have to discuss at length,

because they will have a document from us on that," Charles said, adding that the matter is likely to be discussed at the wider Caricom [Caribbean Community] level. She did not say whether the presentation by the envoy changed the minds of the OECS leaders who had originally condemned the coup.

"...The army has a special place in the Constitution of Suriname. It's very different from the Constitution we have.... I guess every one is entitled to have the Constitution which suits their purpose," Charles said.

The new rulers in Suriname have indicated that they would hold elections within three months of the coup.

Concludes on 'Optimistic' Note

FL0202151091 Bridgetown CANA in English 1449 GMT 2 Feb 91

[By Peter Richards]

[Text] Castries, St. Lucia, Feb 2, CANA—Leaders of the Organisation of Eastern Caribbean States (OECS) ended their two-day summit here on Friday night optimistic that they nave laid the groundwork for improving the economies in light of a worsening international economic environment.

"We had a very good meeting, we came to a decision on every matter," Dominica's Prime Minister Eugenia Charles, who chaired the two-day summit told reporters.

The meeting was held against the background of a decline in trade between the seven-nation OECS and the wider Caribbean Community (Caricom) countries, and Charles said the decisions taken should reverse the current trend. She indicated however that the matter will be further discussed at next week's Caricom council of ministers meeting in Guyana, adding "hopefully it will be settled."

Charles did not outline the decisions taken on the trade issues, but a document obtained by the CARIBBEAN NEWS AGENCY (CANA) indicated that the leaders had agreed to a seven-point plan aimed at improving their trading relations. Among them are a decision to pursue an export led industrialisation strategy, implementation of an effective free trade policy, and a phased removal of quantitative restrictions on all imports.

Regarding the implementation of the Common External Tariff (CET) which provides for a unified tax structure on imports from third countries, Charles said that while the OECS countries had indicated their desire to implement the CET by April, there were still some matters to be discussed.

The Dominican leader referred to a recent agreement between Caricom partner Jamaica and the World Bank on a structural adjustment programme, which she said might have a bearing on the CET.

"We want to know how it will or if it will affect us," Charles said noting that Jamaica might have to indicate "how much they can allow the regional agreement to tie them down." Charles said that the matter would be discussed in Guyana next week.

A communique issued at the end of the summit said that "agreement was reached on a common OECS position to be advanced at the forthcoming meeting of the Caricom council in respect of the implementation of the Common External Tariff."

Charles said that the leaders had agreed to buy a building in Washington to house their diplomatic mission and would pursue a similar venture in Canada at a later stage. "We could not afford to buy two buildings at the same time," she added.

Charles also said that a decision will be taken in May on whether a joint diplomatic presence will be maintained in Brussels for European Community relations. "We realise that if we are to be able to effectively put our point of view forward in the few international centres.... We must get together.... And this is one of the main things coming out of the meeting," she added.

Charles said that the leaders had signed an agreement establishing a common fisheries surveillance zone and that they also discussed reciprocal arrangements for a social security scheme. "If we are talking about freedom of movement then we should have reciprocal social security arrangements," she said.

Regarding the possible effects of the Persian Gulf Crisis on the economies of the sub-region, Charles said while the OECS countries were not trading with the Gulf, its tourist trade however would be affected. "But I don't think anyone of us will be affected as much like the countries in the north, we don't have the big tourist trade as they have.... But the flucuations in the price of oil isn't very happy for us."

The document obtained by CANA indicated that "it was still too early to establish the effects of the Gulf Crisis since prices were fluctuating and no definable trend had become established."

"However there had been fuel price increases and Trinidad and Tobago had assured its Caricom partners of supply," it added.

Issues Follow-Up Communique

FL0202160091 Bridgetown CANA in English 1526 GMT 2 Feb 91

[Text] Castries, St. Lucia, Feb 2, CANA—The following is the full text of a communique issued by the Organisation of Eastern Caribbean States after a two-day summit of OECS leaders in Castries, St. Lucia, which ended on Friday:

"The 18th meeting of the authority (heads of government) of the Organisation of Eastern Caribbean States

was held at the central secretariat of the organisation in Castries, St. Lucia on 31 January and 1 February 1991, under the chairmanship of The Honourable Mary Eugenia Charles, prime minister of Dominica.

"The meeting was preceded by the 17th meeting of the economic affairs committee on 30 January, comprising ministers of trade, economic development, agriculture, and tourism, under the chairmanship of The Honourable Charles Maynard of Dominica.

"A wide range of matters relating to the sub-regional integration movement were considered at both meetings.

"Administrative and financial arrangements for the operation of the secretariat and its agencies and the overseas diplomatic missions were reviewed and consideration was given to joint overseas representation by OECS governments in selected countries.

"The heads of government signed an agreement establishing common fisheries surveillance zones within the waters falling under the jurisdiction of the several OECS countries. This will enable fisheries protection officers from any OECS country to take action against vessels caught engaged in illegal fishing activities in the waters of any other OECS country.

"It was agreed that certain measures will be put into effect to control the activities of persons engaged in marine archaeological research and exploration as a means of retaining ownership of sunken treasures.

"Further consideration was given by the heads of government to the formal establishment of relations by the OECS countries with the French overseas departments of Martinique and Guadeloupe in areas such as trade, tourism, transportation, fisheries, health, education, culture, and sports.

"The meeting considered reports on steps which were being taken within the secretariat to update legislation and for the coming into effect of social security arrangements on a reciprocal basis within the OECS sub-region.

"Agreement was reached on a common OECS position to be advanced to the forthcoming meeting of the Caricom [Caribbean Community] council in respect of the implementation of the Common External Tariff.

"Developments in respect of the administration and management of civil aviation within the OECS were reviewed including cooperation arrangements between the Directorate of Civil Aviation and the Canadian International Development Agency (CIDA).

"Further consideration was given to fostering closer cultural cooperation among OECS countries and joint representation at cultural events by the OECS. The meeting agreed to appoint a cultural committee comprising OECS directors of culture as the mechanism for advancing such cooperation.

"The meeting received a report on the deliberations of the fourth annual meeting of OECS ministers of education which had taken place in Tortola, British Virgin Islands on 12 October 1990. Note was taken of the range of initiatives underway at the tertiary, secondary, and primary levels and in the area of technical and vocational education and training, drug abuse education, teacher training, and programmes for improving on educational management. New initiatives involving assistance from USAID, CIDA, and under Lome IV were also reviewed.

"The authority reviewed the recommendations of the committee of officials which had been set up to examine the feasibility of establishing within the OECS a system for coordinating specialist medical services including a system for dealing with the critical area of medical referrals. The authority noted that OECS ministers of health would need to examine the findings of the committee prior to a final decision being taken on this matter.

"In relation to environmental management, the authority endorsed the report of the first meeting of the natural resource management unit's technical advisory committee which had identified a number of areas (environmental education and awareness, environmental legislation, coastal zone management) for harmonised and coordinated OECS approaches.

"The heads of government also noted a proposal from USAID for an Environment and Coastal Resources (Encore) Project for the OECS and agreed that the secretariat should work with USAID to develop the project in order to ensure that it conformed to the needs and interests of OECS member states.

"Heads of delegation and other ministerial representatives attending the meeting were The Honourable Henderson Simon, minister in the Ministry of Economic Development, Antigua and Barbuda; The Honourable Mary Eugenia Charles, prime minister of Dominica; The Honourable Charles Maynard, minister of trade, industry and tourism, Dominica; The Honourable Nicholas Brathwaite, prime minister of Grenada; The Honourable George Brizan, minister of finance Grenada; The Honourable John Osborne, chief minister of Montserrat; Dr. The Right Honourable Kennedy Simmonds, prime minister of St. Kitts-Nevis; Dr. William Herbert, St. Kitts-Nevis; The Right Honourable John Compton, prime minister of St. Lucia; The Honourable Neville Cenac, minister of foreign affairs, St. Lucia; The Right Honourable James Mitchell, prime minister, St. Vincent and the Grenadines; The Honourable Herbert Young, minister of trade and tourism, St. Vincent and the Grenadines; and The Honourable Ralph O'Neal, deputy chief minister, British Virgin Islands.

"In attendance at the meeting were also Mr. Dwight Venner, governor of the Eastern Caribbean Central Bank and Mr. Frank Abdulah, deputy secretary-general of Caricom."

Tourism Down 50 Percent Because of War, Recession

FL0102142291 Bonaire Trans World Radio in English 1130 GMT 1 Feb 91

[Text] The Caribbean Tourism Organization says the Gulf war is causing severe hardship for the region's tourism industry. The group's secretary general, Jean Holder, says hotels across the Caribbean are averaging an occupancy rate of only about 50 percent of the height of the winter season, when these properties are usually packed from the Bahamas in the north to Trinidad and Tobago in the south. Hotels are reporting a large number of cancelled bookings. This compounds the situation as the declining U.S. economy has resulted in a fall in business for many Caribbean islands who depend heavily on tourism from North America.

Antigua and Barbuda

Spencer Asks Bird, Jr. To Resign Parliament Seat

FL0102144891 Bonaire Trans World Radio in English 1130 GMT 1 Feb 91

[Text] Antiguan opposition leader, Baldwin Spencer, has called for the resignation of a government minister implicated in last year's arms smuggling scandal. The former minister, Vere Bird, Jr., resigned from his cabinet post after being named in an investigation into how Israeli arms got through Antigua and into the hands of Colombian drug traffickers. Mr. Spencer challenged the ruling Antigua Labor Party to force Mr. Bird to resign his Parliament seat.

Barbados

Illegal Foreign Law Enforcement Activity Cited

FL0102163291 Bridgetown CANA in English 1455 GMT 1 Feb 91

[Text] Bridgetown, Barbados, Feb 1, CANA—Following is the text of the editorial in the Friday edition of Barbados' WEEKEND NATION newspaper:

"A report out of Jamaica should force Barbados' new minister of justice, Keith Simmons, and the attorney general Maurice King, to sit up and take note. Indeed, they should do more than that. They should advise foreign embassies in Bridgetown that the country would not tolerate on its soil what was going on in Jamaica.

During a recent debate in Jamaica's Senate on a new extradition treaty, the leader of opposition business in the Chamber, Oswald Harding, complained about a growing and insipid practice by foreign law enforcement officers who enter that country and take statements from people in connection with crimes committed elsewhere.

According to the published report of the meeting, government members supported Mr. Harding's position. What was objectionable was not that the statements were being taken, but that the foreign law enforcement officials were not consulting local authorities, including the Jamaica police, about their actions.

Could you imagine Barbadian or Jamaican policemen going into London, Paris, Ottawa, or New York and carrying out the duties of law enforcement officers without the permission of British, French, Canadian, or American authorities? We shudder to think what would happen to them if they did that.

Regardless of who is doing it, such actions constitute a blatant disregard for the sovereignty of Jamaica and for any other country where the law enforcement officers are operating in that fashion. Jus as bad, the foreign officers are really extending the reach of their country's law enforcement systems into the Caribbean. If they are doing it in Jamaica, it is only a matter of time before they attempt it in Barbados. That's why Mr. Simmons and Mr. King should be vigilant.

This action did not come as a complete surprise. Sometime ago our North American editor, Tony Best, warned in a published article that at least one country, the United States, intended to pursue suspects, especially those involved in drug trafficking, by seeking to apprehend them in foreign countries and bring them to justice. However, the United States Justice Department sought to allay fears at the time by stating that any of its officers going abroad would work alongside local authorities.

While it wasn't clear that American officers are among those going into Jamaica without local permission, we believe the entire process is wrong. Wealthy and powerful countries behaving in that fashion come across as high-handed bullies which operate on the basis that might is right.

We know that Jamaica, Barbados, and their Caribbean neighbours are law-abiding nations which would cooperate with any appropriate foreign law enforcement agency seeking criminals. So there is no need for foreign officials to march in and behave in the manner described by Mr. Harding." (end text)

Governor General Appoints 7 Independent Senators

FL0102171991 Bridgetown CANA in English 1513 GMT 1 Feb 91

[Text] Bridgetown, Barbados, Feb 1, CANA—Governor General Dame Nita Barrow has appointed seven prominent Barbadians, including a priest and three businessmen, as independent senators. The senators are Anglican priest James Springer, businessmen C.O. "Cow" Williams, John Cole, and John Bellamy, former Girl Guides commissioner Margaret Walcott, Censorship Board member and retired headmistress Ada Straughn, and former Bar Association president Leroy Inniss.

Following January 22 elections, which returned the Democratic Labour Party (DLP), a new session of Parliament begins here Wednesday [6 February]. The governor general will swear in leader of the opposition, Henry Forde, and the other elected members Saturday [9 February] at Government House.

Of the new independent senators, Canon Springer has been a university tutor in sociology. He also taught at the Codrington Theological College here. He is deputy chairman of the board of the Caribbean Broadcasting Corporation.

Williams heads a group of companies including Agriculture and Construction Enterprises, and is chairman of the board of Pine Hill Dairy. He is a well known horseracing and polo enthusiast.

Straughn was honoured in 1986 with the Gold Crown of Merit for service to education. She has worked with the Girl Guides Association and the Barbados Youth Council.

British Virgin Islands

Governor Wants Assistance in Escalating Drug War

FL0102174391 Bridgetown CANA in English 1658 GMT 1 Feb 91

[Text] Road Town, Tortola, Feb 1, CANA—Governor John Mark Herdman wants a step-up in the war against illegal drugs. In soliciting the assistance of Rotarians and other islanders, Herdman warned, "we dare not lose this fight because if we do, this will become a menace that will swamp us."

The governor reported the community response to drugs in the BVI [British Virgin Islands] has grown from near apathy in the mid-1980's to deep concern.

The governor said that "for each of the past three years more drugs, and in particular cocaine, has been seized in the British Virgin Islands than in England." According to Governor Herdman, drug traffickers continue to frequent the waters of the BVI, with the pattern now indicating they are moving away from airdrops to the use of high speed boats.

The BVI has one police launch to patrol the water of more than thirty small islands and cays and shares a "spotter" plane with the Turks and Caicos Islands. The territory also has joint arrangements with the U.S. Coast Guard, U.S. Customs and drug enforcement agents based in the United States Virgin Islands.

Some islanders complain that not enough is being done to combat drug trafficking and use in the BVI. "I do not have the answers, but I still have not seen any visible results of our local efforts to fight this problem," declared local attorney MacWelling Todman Q.C.

Dominican Republic

President Balaguer Responds to Haiti's Aristide

FL0102172191 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 1 Feb 91

[Text] President Joaquin Balaguer has denied the remarks made by Haitian President-elect Jean-Bertrand Aristide stating that Haitians are being treated as slaves in the Dominican Republic. The chief of state said Haitians are treated humanely, perhaps even better than many Dominicans. Balaguer also said the Haitian president-elect's comments are full of demagoguery.

Balaguer asserted that relations have always been good between the Dominican Republic and Haiti and the Dominican Government's behavior will be in line with the attitudes shown by the new officials who will take power beginning in the neighboring country on 7 February.

On another matter, President Balaguer confirmed that he was personally invited to attend President Jean-Bertrand Aristide's swearing in ceremony.

Balaguer Response Viewed

FL0102190091 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 1 Feb 91

[Station commentary: "President Balaguer's Response to Aristide's Remarks"; broadcast in progress]

[Text] ... as a state and regarding the Dominican people and its authorities have not been as happy, cordial, and understanding as it was expected from a politician, who is the head of state, with its only land-linked neighbor.

Aristide has been biting, unjust, out of place, accusing, and absolutely the opposite of what diplomatic common sense, moderation, and restraint calls for. In addition, he has spoken as a man full of hatred and resentment against the government and people who are helping the most to alleviate the serious poverty problems in Haiti.

President Balaguer, in turn, has been restrained, calm, balanced, and openly committed to the implementation of democracy in Haiti, which allowed Aristide to reach the highest position. It appears as though Aristide believes he is the leader of a revolutionary movement which has very specific goals against the Dominican Government and people. Aristide is playing with fire and making the wrong move.

This is why President Balaguer, using his prerogatives and his usual moderation, has said what needed to be said, that is, our behavior toward the new Haitian president will depend on his tone, style, and intentions. If he wants to be forceful with us we will also be forceful, but if he wants good, cordial, helping, and understanding relations we have more than enough good intentions to

help make them possible and to make broad and favorable relations of cordiality and friendly relations develop between the two peoples and governments.

Perhaps by expressing what President Balaguer said we have been a little more explicit but, in essence, that was his excellent message delivered yesterday to the new Haitian president. It is as simple as this.

Balaguer on Measures Taken by Monetary Board

FL0102174091 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 1 Feb 91

[Text] President Joaquin Balaguer has asserted that the latest measures imposed by the Monetary Board are a result of the government's negotiations with the IMF. The chief of state characterized the measures as technical and very moderate. He added that the government is being cautious with its negotiations with the IMF. The president stated that with the recent measures adopted by the Monetary Board the government intends to standardize the exchange rate as the IMF and various sectors of the national life demand.

President Balaguer invited the Dominicans to wait for the results of the measures implemented recently by the Monetary Board. He admitted that they have caused increases in the prices of various goods. Dr. Balaguer said, however, that the government is counteracting those increases by stocking the market and increasing agricultural production.

Electric System Suffering 'Total Collapse'

FL0102192291 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 1 Feb 91

[Text] The electric service system is experiencing a total collapse caused by the inability of the Dominican Electricity Corporation [CDE] to get the fuel needed by its generating units. The Itabo One, Jaina Four, Santo Domingo Five and Eight, as well as Falconbridge, and Puerto Plata Two units stopped operating and reduced the CDE's total capacity to 334,000 kilowatts. Most of the circuit blackouts last up to 10 hours. This continued the inconveniences caused by the interruption of service.

Haiti

Conacom Expresses Support for Panpra Proposal

FL0102194391 Port-au-Prince Radio Haiti-Inter in Creole 2100 GMT 31 Jan 91

[Text] After considering the initiative taken by the National Progressive Revolutionary Party [Panpra] yesterday, calling on a strong socialist bloc within the Haitian parliament to allow the new government to amend some laws in favor of the Haitian people, the National Congress of Democratic Movements [Conacom] leader Victor Benoit supports the proposal made by the heads of Panpra. He thinks, however, that such an initiative must not be taken lightly. The head of Conacom is asking for a national conference, which would include all the members of Parliament, to weigh such an initiative.

[Begin recording] [Benoit] I heard on the radio the proposal made by the heads of Panpra. Conacom is pleased to notice that some people inside Panpra recognize the necessity for the social democrats or leftist democrats to unite. For two years Conacom has taken steps toward such an eventuality, but unfortunately it did not happen. If there are today some colleagues who decide to work in that direction, we are happy and will support the idea. It should not, however, be done very quickly. We must not hurry the matter. We always respect people's conscience; we do not want to violate anyone's conscience.

We believe that some elected deputies from the National Front for Change and Democracy and other political parties are not necessarily socialists; we therefore think that the staffs of those political parties which call themselves socialists should sit together and discuss issues, clarify points, and later, organize a large conference on socialism. This would enable everyone to learn about socialism. Parliament members would participate, to discuss issues, clarify points, and collect information. Then, in all freedom, those parliament members who wish to, could join the socialist bloc.

[Reporter] Do you think that such a proposal can benefit the country?

[Benoit] Anything that can happen in unity, and also in line with the deep aspirations of the Haitian people at this historical time, is a socialist aspiration, and we think that such a connection would bring good results. [end recording]

Council Requests Delay in Publishing Decrees

FL0102214091 Port-au-Prince Radio Haiti-Inter in French 1200 GMT 1 Feb 91

[Letter from State Council President Dr. Louis E. Roy to Gilbert Georges, director of the government printing house, Les Presses Nationales, in Port-au-Prince; date not given]

[Text] We are not surprised to learn that despite our warning and contrary to the dictates of the 4 March Protocol Agreement, Les Presses Nationales is preparing to publish three new decrees in LE MONITEUR [official government publication] without the State Council's approval. These decrees concern:

1. The additional issuing of 200 million gourdes [$40 million], whereas the maximum authorized for such issuing is 1.75 billion gourdes, an amount which has already been reached.

2. The authorization to sell 48 properties from the state administered property.

3. The intent to pay 86 new pensions.

It is not necessary to draw your attention to the fact that 10 days before the transfer of power to Reverend Father Jean-Bertrand Aristide the publication of such decrees in an irregular way and under these conditions will probably be canceled by the definitive government. We would be grateful to you for deferring the publication until further notice.

Signed: Sincerely yours, Dr. Louis E. Roy, president of the State Council.

2500 Invitations Sent for 7 Feb Inauguration

FL3101200091 Port-au-Prince Radio Metropole in French 1700 GMT 29 Jan 91

[Text] More than 2,500 invitations to the 7 February appointment of the president-elect were sent to foreign political personalities and to foreign governments. Among those invited are two heads of state: Carlos Andres Perez of Venezuela and Cesar Gaviria of Colombia. Four American congressmen will be part of the U.S. delegation. The vice president of Panama has been invited and several high-ranking delegations from Canada, Spain, China, Great Britain, Jamaica, Puerto Rico, and Cuba are also expected to attend the official appointment ceremony of President Jean-Bertrand Aristide.

Jamaica

Team Concludes Loan Negotiations With World Bank

FL0102233091 Bridgetown CANA in English 1830 GMT 1 Feb 91

[Text] Washington, Feb 1, CANA—A seven-member team from Jamaica on Thursday night concluded negotiations with senior officials of the World Bank on a $30 million trade and finance loan. The team, headed by director general of the Jamaican Planning Institute Dr. Omar Davies, was involved in four days of "detailed negotiations which went very well," a source close to the negotiations told CANA [CARIBBEAN NEWS AGENCY].

The loan is intended to assist with Jamaica's balance of payments problems and to help with the restructuring of the island's trading and customs regimes. The loan agreement will now be forwarded to the World Bank's board for approval and according to the source should be disbursed by the end of March.

Other members of the Jamaica delegation were Financial Secretary Shirley Tyndall, Davis Marston of the Bank of Jamaica, Irena Cousins of the Ministry of Industry, Barbara Gunter of the Ministry of Finance, Lennox Campbell of the attorney general's office, and Dr. Nathan Richards of the National Development Bank.

A two-member delegation headed by deputy governor of the Central Bank, Dr. Owen Jefferson, last week held talks with officials of the International Monetary Fund about the impact of the Gulf War on the Jamaican economy. No details on the outcome of these talks were available.

Investigation Begins Into Disappearance of Cocaine

FL0402130091 Bridgetown CANA in English 2128 GMT 2 Feb 91

[Text] Kingston, Jamaica, Feb 2, CANA—Jamaica police are investigating the disappearance of 8 million dollars (one Jamaican dollar equals 12.5 U.S. cents) worth of cocaine that vanished from one of their stations, CANARADIO reported Saturday. Police say the 10 pounds of cocaine vanished between last December 27 and January 10 this year. It was being kept at a police station in Ocho Rios, on Jamaica's north coast.

Police say the cocaine was linked to a case involving a former Jamaica hotel manager, who had also been charged with trying to leave the country with 10 pounds of marijuana.

The police report a top-level investigation is under way to determine whether there was criminal negligence associated with the disappearance.

Trinidad and Tobago

No Motive Known for Shots at Consul General Home

FL0102151191 Bridgetown CANA in English 1447 GMT 1 Feb 91

[Text] Port of Spain, Trinidad, Feb 1, CANA—Shots were fired at the home of Trinidad and Tobago's counsul general in New York, Learie Rousseau, according to a daily newspaper here. The Trinidad GUARDIAN said on Friday [1 February], that no one was injured in the Monday night [28 January] incident.

An official at the consulate told the Trinidad GUARDIAN in a telephone interview that no motive had been found for the shooting. The shots, apparantly fired from an air rifle, entered a window in the bedroom of the house located at Scarsdale, north of New York, the paper reported.

Bomb Explodes at Guatemelan Border; 3 Casualties

PA0102235291 Madrid EFE in Spanish 2256 GMT 1 Feb 91

[Text] Ciudad Hidalgo, (Mexico) 1 Feb (EFE)—It has been reported in this city that a bomb explosion on a railroad bridge 150 meters from the Mexican-Guatemalan border has left one person dead and two wounded. All three were Guatemalan nationals.

A source from the mayoral office reported that the dead person was nine-year-old Santiago Ruiz Solis and the wounded were Carmen Ruiz Solis, 18, and Celia Chilil Morales, 15.

Finance Secretary on Readiness for Oil Price Drop

PA0302162991 Mexico City XHTV Television in Spanish 0200 GMT 2 Jan 91

[Passage in quotation marks are recorded]

[Text] Finance and Public Credit Secretary Pedro Aspe Armella said today that Mexico is prepared to face a reduction in international oil prices. He added that last year's revenues increased 9 billion pesos more than expected.

The government of the republic believes that the most important changes in tax reforms have occurred and the financial sector has maintained its dynamism. The government's economic policy has favored a return of capital and the trade balance shows a surplus of $667 million.

Secretary Aspe said that the government has been saving the extra income resulting from the sale of export oil.

[Aspe] "It was wisely decided to treat the price increase as a temporary phenomenon, and this has allowed us to save $3.4 billion in the Bank of Mexico since August. Thus, we have increased our international reserves."

Secretary Aspe explained that the government has adopted seven measures to prepare for a possible reduction in international oil prices as a result of the Persian Gulf war.

[Aspe] "The president of the republic decided that the 1991 federal budget should include an average export price of $17 per barrel."

The contingency fund to counter a drop in oil prices was created with resources from the first phase of the sale of the Mexican Telephone System.

[Aspe] "This sale represents $1.757 billion, which is equivalent to $4 per barrel of oil."

The contingency fund will be increased with the federal government's revenues from other privatizations. Mexico's oil bills are issued one month later, meaning that the December sales are billed in January. The average price per barrel during those months was approximately $22.

[Aspe] "In fact, the Mexican Government has far superior prices for January and February than those included for the general budget."

Deputy Outlines Free Trade Treaty Provisions

PA0102201491 Mexico City NOTIMEX in Spanish 2040 GMT 30 Jan 91

[Text] Mexico City, 30 Jan (NOTIMEX)— Mexico's oil extractions, basic petrochemical activities, telegraphs, post office, railroad, and electricity will be excluded from the free trade agreement with the United States, it was stated by Deputy Jose Trinidad Lanz Cardenas. He said that Commerce and Industrial Development Secretary Jaime Serra Puche announced the federal government's decision during a meeting with deputies and senators.

Lanz Cardenas said that the state reserves for itself the right to handle oil extractions and the other activities by constitutional decree.

The legislator said: According to the commerce and industrial development secretary, the treaty will serve to counter tariff and non-tariff barriers, illegal practices, and quotas on certain products, and to establish much clearer legislation on trade.

This will not, however, eliminate the GATT guidelines or provisions, he said, adding that the treaty is comprehensive and will stop countries from raising current tariffs for third-party nations.

The federal government of Mexico is trying to increase the people's welfare, promote greater efficiency in the production sector, allow consumers' access to cheaper products, and increase exports.

Lanz Cardenas said that the government also seeks to increase employment, encourage local and foreign investments, and allow the transfer of technology.

El Salvador

FMLN Will Return Missiles to Nicaragua

PA0102180791 Managua BARRICADA in Spanish 1 Feb 91 p 12

[Text] The top leaders of the Salvadoran insurgents confirmed in El Salvador and Mexico on 31 January that they will return to the Nicaraguan Government the missiles that they illegally obtained from the arsenals of the Sandinist People's Army (EPS) in October.

One of the main rebel leaders, Leonel Gonzalez, indicated that the missiles will be returned in two locations, Managua and in Salvadoran territory.

Gonzalez, who is a member of the General Command of the Farabundo Marti National Liberation Front (FMLN), warned that it would be a mistake if the Salvadoran Army believes that the return of the missiles to the EPS means a loss in the rebels' antiaircraft capability.

He disclosed that they "have other types of missiles," and that they are of the U.S. "Redeye" type, like the ones the U.S. Government supplied on a massive scale to the contras who fought the Nicaraguan Government for nearly a decade.

The deadly antiaircraft missiles were bought by the FMLN "in various markets," Gonzalez said. He justified the purchase, stating that "this is the only way to continue defending the civilian population from Army bombardments."

The Salvadoran Air Force has lost more than 12 combat aircraft since the guerrillas began to use surface-to-air missiles. A few days ago, the United States supplied the Salvadoran regime with three A-37 planes, known as Dragonfly, and six UH-1M helicopter gunships.

The rebel leader said his organization "has the right to obtain all the weapons in its reach," and he added that "this is a matter of justice." He also said the use of the missiles "is what has permitted the change in the balance of forces in the country and has pushed the negotiating process to higher levels."

He did not specify how many missiles will be returned to Managua because, according to Gonzalez, they have not determined the number of missiles launched. Nevertheless, an FMLN spokesman in the Salvadoran capital said yesterday that more than 20 missiles will be returned to the EPS.

For the first time, a member of the FMLN General Command has admitted the problems that the illegal acquisition of the EPS missiles caused to the Sandinist National Liberation Front (FSLN).

Leonel Gonzalez admitted that the FSLN has been exposed to pressures from the U.S. Government. Although negotiations continue to determine the number of missiles to be returned and the mechanisms for the return, the guerrilla leader believes that the problem has already been resolved.

In another part of his remarks to the Salvadoran news agency, SALPRESS, Gonzalez said, "It is completely false" that Joaquin Villalobos, another member of the FMLN General Command, headed the operation through which the missiles were obtained.

Defense Minister Comments

PA0202140791 San Salvador Radio Cadena YSU in Spanish 1730 GMT 1 Feb 91

[Text] Defense Minister General Rene Emilio Ponce has asserted that the Farabundo Marti National Liberation Front [FMLN] will only turn over some of the missiles to the Nicaraguan Government; the rest, he claims, will be kept as part of their sophisticated war equipment.

According to the high-ranking military officer, the turning over of the missiles can be considered the result of a break between the rebels and the Sandinist National Liberation Front [FSLN]. However, Ponce did not rule out that the return of the missiles could be an attempt to restore the FMLN's credibility, which was lost in the wake of the U.S. advisers' murder.

[Begin recording] [Ponce] I have the feeling that they are going to turn over a part of the missiles and are going to keep the rest, claiming that they only took some from the Sandinist People's Army's [EPS] inventory. According to the data we have, according to our sources of information, the FMLN still has more missiles.

[Reporter] General, do you think that this is a [words indistict] break between the FMLN and the FSLN, or is this a formal break with the FSLN?

[Ponce] When the Nicaraguan Government announced that it had arrested the soldiers involved in the missiles sale, I predicted that this was the beginning of the break between the FMLN and FSLN. Let us hope that this is true, because if there is a break, an actual breakup and not just a formal breakup, between the FMLN and the EPS members, I think we are getting closer to attaining peace in El Salvador. In the political arena, I think that the FMLN is trying to recover some credibility that it lost abroad as a consequence of the murder of two U.S. advisers after they crashed in a helicopter in San Miguel. They want to make up for their error, they want to recover some degree of trust within the EPS, and they want to influence once again the international community.

In the military scenario, this definitely means that they are going to continue using an undetermined number of missiles against our aircraft. They continue to have a number of land-to-air missiles that they can use at any given time. [end recording]

Meanwhile, the defense minister said that studies are being carried out to determine the role of the paramilitary groups in the country. Some of the changes taking

place within the institution are a necessity and must be respected, as these have been made within the Constitution.

[Begin recording] [Ponce, in progress]...initially said that the confidentiality that surrounds the process itself, the dialogue, at times does not permit explanations on what is being negotiated.

[Reporter] [Question indistinct]

[Ponce] As we have said, the corresponding studies are being carried out to determine the future role of these civil defense organizations to meet the community's needs. We are studying their future role. All of this is in compliance with our needs, the restructuring, and the changes which must be made within the Armed Forces. We cannot go against changes which are taking place regionally, nationally, and internationally. The Armed Forces cannot go against the tide of historical changes. We believe it is necessary to readjust our organization and carry out the reforms that would allow us to have a strong, professionally organized Armed Forces, and that in the future it will fulfill its role within a democratic community at peace. [end recording]

When questioned about the investigation being carried out on the massacre in El Zapote, the defense minister said that up to now everything seems to point to the fact that the murder of the peasants was due to a family feud, but he did not rule out there could be participation of some other sector. Meanwhile, the defense minister downplayed the UNTS leader's charges made against soldiers in this crime, reiterating, as President Cristiani did, that that group follows the FMLN's guidelines.

Nine Missiles Returned

PA0302034291 Mexico City NOTIMEX in Spanish 0027 GMT 3 Feb 91

[Text] Perquin, Morazan Department, El Salvador 2 Feb (NOTIMEX)—Rebel commander Jorge Melendez, also known as "Jonas," returned here today seven of the 28 anti-aircraft missiles—which the Salvadoran rebels received in October, 1990—to the Sandinist People's Army [EPS].

The town of Perquin, which means "Road of Live Coal" in the Lenca Indian language, was the place where the ceremony of the delivery of the SAM-7 and SAM-14 missiles as well as of the Redeye portable anti-aircraft missiles took place. According to the Farabundo Marti National Liberation Front [FMLN], these missiles were bought from the Nicaraguan "Contras."

The Nicaraguan delegation and the representatives of the Mexican Government who travelled to Perquin, located 203 km from San Salvador, to attest to the delivery were received by the residents of this area in Morazan Department, mostly peasants, carrying the flags of both countries.

The presence of a large number of well-armed guerrillas and of the surface-to-air missiles mixed with an atmosphere of popular festivities in this small town, located north of the Rio Torola. It reminded those present of the reality of war.

The SAM-7 and SAM-14 missiles that the FMLN returned to its original owner—including seven here, two in the Usulutan Department, and eight more in Nicaragua—are all Soviet-made.

In turn, the Redeye missiles, with which the FMLN has vowed to continue its anti-aircraft war, were made in the United States and purchased for between $15,000 and $20,000 from the "contras," who had obtained them from the Pentagon when they were trying to defeat the Sandinist Government.

The electronic equipment installed on the dirt road near the main square allowed those present to closely follow the delivery ceremony and made a contrast with the destruction caused here and in several other towns during the 10 years of war.

The return of the anti-aircraft missiles, which the FMLN itself had recognized as one of its strategic weapons, has resulted in various intepretations. One interpretation describes this incident as a serious blow to the rebels because it may imply a deterioration of their relations with the Sandinists.

The rebels who attended this ceremony not only rejected this version, but they stressed that they "recognize and respect" the efforts of the Government and Army of Nicaragua to build "a real democracy."

Ricardo Wheelock Roman, chief of military intelligence of the EPS, presided over the Nicaraguan delegation, while the Government of Mexico was represented by Ambassador to El Salvador Hermilo Lopez Bassols and three other officials.

The speech by the rebels was filled with the contradictions seen here this afternoon. Within the framework of a prolonged war, these contradictions are part of the daily lives of Salvadorans.

The return of the missiles "does not represent the end of our anti-aircraft war," said a rebel, after he expressed the willingness of the FMLN to continue with the negotiations being carried out under the auspices of the United Nations. These negotiations resumed today in Mexico City.

At the conclusion of the ceremony, a peasant showed another peasant a local newspaper, which in its today's edition depicted a design of the three bombers with which the U.S. administration this week replaced those recently destroyed by the FMLN.

Army Detains Journalists Returning From Perquin

PA0302044691 Mexico City NOTIMEX in Spanish 0350 GMT 3 Feb 91

[Text] San Salvador, 2 Feb (NOTIMEX)—The Salvadoran Army today detained 18 journalists, mostly foreigners, as they were returning from Perquin, where they covered the guerrillas' handing over of missiles to Nicaraguan authorities.

The journalists were retained by troops under Colonel Leon Linares, chief of Military Detachment No. 4, headquartered in San Francisco Gotera, about 40 km from Perquin.

According to the detainees, the military authorities seized their printed and video material after making veiled threats. "You could have been killed for being there," they were told.

The Salvadoran Armed Forces yesterday announced that they had refused permission to those people who requested access to the town of Perquin in the Morazan Department, one of the most conflict-ridden parts of the country.

The journalists who tried to enter the area to cover the delivery of the missiles were stopped by soldiers at the various road blocks set up on the road to the eastern part of El Salvador.

Speaking on the telephone with NOTIMEX, the reporters who were about to start the trek back to San Salvador requested that their arrest be made public and they blamed Linares for any "incident" that they may happen to them on their way back to San Salvador.

Government, Rebels Meet; Villalobos Joins Talks

PA0202193391 Mexico City NOTIMEX in Spanish 1854 GMT 2 Feb 91

[Text] Mexico City, 2 Feb (NOTIMEX)—Salvadoran Government and guerrilla groups today began another high-level meeting to attain peace in that country with the UN's mediation, it has been reported by sources close to the negotiating process.

Rebel commander Joaquin Villalobos has joined the phase of negotiations, and it is said that this may bring about new and interesting results leading to the achievement of agreements on the main issue of the agenda, meaning the Armed Forces.

The meeting, being held behind closed doors, began shortly after noon at a hotel in Mexico City. Given the nature of the meeting, no information has been given or is expected, except that coming from UN mediator Alvaro de Soto.

The sources, who are close to the guerrilla groups, said that they "could take steps which we have not yet taken." They added that there are possibilities of reaching a consensus to achieve political agreements.

This week the Farabundo Marti National Liberation Front held more than one meeting with Salvadoran political party representatives.

Cristiani, Ponce on Restored Military Aid, Rebels

PA0202001191 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 30 Jan 91

[Text] President Cristiani has said that the restoration of U.S. military aid awakens militarism in the FMLN [Farabundo Marti National Liberation Front]. He also rejected the possibility of a military rebel victory.

Meanwhile, Defense Minister General Rene Emilio Ponce has said that international pressure had destroyed the third phase of the rebels' offensive undertaken in November. Ponce warned that the third phase had been anticipated for this month, but the guerillas now plan to carry out these actions during municipal and legislative elections on 10 March.

President Cristiani said that the $42.5 million in military aid sent by Washington—of the $85 million delivered annually to this country—is a positive step toward peace, but for the guerrillas it only awakens their warmongering passions. The resumption of the aid is a definite signal for the rebels to understand that militarily they have no opportunity to gain anything whatsoever, the president warned.

This month the White House authorized the delivery of half of the aid which had been suspended in October 1990 to expedite the investigations into the murders of six Jesuits, perpetrated by soldiers in November 1989. Also, the aid was suspended to force the FMLN not to launch offensives.

Yesterday several aircraft were delivered to the Salvadoran Government as part of this aid. General Ponce said: we assume that the pressure of international policy has forced the rebels to refrain from planning a third phase of their offensive. Meanwhile, the FMLN has promised to shoot down these aircraft.

Jesuits Case Judge Travels to U.S., Europe

PA0102151791 San Salvador LA PRENSA GRAFICA in Spanish 30 Jan 91 p 37

[Text] Fourth Penal Court Judge Ricardo Zamora's tour to the United States and Europe is to report on the status of the Jesuits' case.

The public official requested a one-month leave from the Supreme Court of Justice, given that this case that has aroused so much local and international interest has come under the jurisdiction of the Penal Chamber.

The proceedings on the death of the six Jesuit priests and two of their employees that took place before dawn on 16 November 1989 were transferred to the before mentioned superior court. This transfer took place after the

Fourth Penal Court ordered a trial of nine soldiers, among them Colonel Guillermo Alfredo Benavides.

Several days ago Judge Zamora began his trip to the United States and Europe, where he will meet with lawyers, government officials, and local leaders to explain the status of the legal proceedings in the so-called Jesuits' case.

Supreme Court Promises Fair Trial for Rebels

PA0102172391 San Salvador LA PRENSA GRAFICA in Spanish 30 Jan 91 p2

[Text] Supreme Court of Justice President Mauricio Gutierrez Castro said yesterday that the individuals held responsible for the deaths of the three U.S. military advisers "will be brought to trial with all the guarantees offered by law."

"A trial proceeding is being carried out, the investigations are continuing, the accused have been identified, and their geographical location is known. Therefore, when the judge of the First Court in Chinameca makes his decision, he will issue the arrest warrants," Gutierrez said.

In addition, the public official said that the rebels' decision to submit the accused to a "special court" was "unacceptable." This action would violate the constitutional order, thereby committing a crime, besides violating the principles of due process in civilized nations.

"It is a known fact that any person presumed guilty of a crime has the right to be tried by a legally established court," Gutierrez claimed.

"In this regard, the accused can expect a fair trial from us, as they have seen evidence of in several cases," he said, adding that among those cases is the recent release of Carlos Ernesto Morales Carbonell, due to lack of evidence.

Church Blames Military for El Zapote Massacre

PA0302171991 San Salvador La Voz Panamericana in Spanish 1452 GMT 3 Feb 91

[Homily by Archbishop Arturo Rivera y Damas at the Sacred Heart of Jesus Basilica in San Salvador—live]

[Excerpt] [Passage omitted] We will now talk about the investigation carried out by the Archbishopric's Legal Assistance Office concerning the event which has shaken our national conscience—the brutal killing of 15 humble persons in El Zapote Canton, Ayutuxtepeque jurisdiction. The report fully describes the event, based on the testimony of qualified witnesses. It offers forensic details on the victims. It also examines each one of the four hypotheses that have been investigated to locate the culprits.

Given the lack of time, I will only read the last portion of the 17-page report issued by our human rights office, whose position we fully endorse:

The characteristics of the case and the form in which it occurred, based on the investigations carried out by the Legal Assistance Office up until today, prompt us to assume that all the gathered evidence leads us, only and exclusively, to point out the 1st Infantry Brigade members' responsibility in this crime, which was perpetrated with impunity. The case also suggests characteristics of the death squads' actions.

The San Salvador Archbishopric's Legal Assistance Office believes that there is enough preliminary evidence on the case to have the country's legal system carry out an investigation within the Armed Forces, particularly within the 1st Infantry Brigade. The investigation must be carried out to clearly ascertain this grave human rights violation perpetrated against humble Salvadoran peasants.

May the Divine Savior grant us full respect for the rights of human beings created in God's image. We beg for this on behalf of the 18 orphans from the El Zapote massacre, and on behalf of thousands and thousands of children who prepare to start the school year. Amen.

FMLN Demands Investigation on Guerrilla's Death

PA0402030991 (Clandestine) Radio Farabundo Marti to El Salvador 0000 GMT 1 Feb 91

[Station commentary: "The Murdering of Prisioners Constitutes a Common Practice of the Government Army"]

[Text] At dusk on 28 January, Reinaldo, an FMLN [Farabundo Marti National Liberation Front] fighter, was taken by surprise by cavalry troops from the Santa Elena Farm, Santa Tecla, La Libertad Department. As witnesses reported, our companero did not offer any resistance, but the soldiers still insulted and beat him brutally.

On 30 January, cavalry troops fabricated a shootout and hurled grenades into the interior of the Santa Elena farm. But there were no FMLN fighters, and no fighting was reported at this site. Oddly, also on that day, the Armed Forces Press Committee, Coprefa, issued one of its customary communiques, stating that the Army killed one guerrilla on the Santa Elena farm and took his AK-47 rifle. However, Coprefa never reported the capture of our companero Reinaldo, which took place in that same location.

With these elements at hand, the FMLN has sufficient grounds to presume that the guerrilla that Coprefa listed as dead in the clash is companero Reinaldo, who was killed by the cavalry soldiers, and that the alleged fighting in Santa Elena farm was at best an Army

fabrication to support its claim that Reinaldo was killed in combat and not murdered, which seems to be what happened.

We want to draw the attention of the local and international public to this incident. It is a well-known and proven fact that the murdering of prisoners constitutes a common practice of the government Army. The case of the Spanish doctor Begona Garcia Arandigoyen—who was captured, tortured, and murdered in Santa Ana Department—represents just one more example of the Army's criminal practice.

We ask humanitarian organizations to exhume the body of the guerrilla, who according to Coprefa died in combat on Santa Elena farm. We want a forensic study to be conducted to clearly establish the circumstances of his death. The criminal responsibility of the soldiers must be established in this and in numerous cases.

Rebels Report Soldier's Capture, Release

PA0302214691 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 1 Feb 91

[Communique issued by the Farabundo Marti National Liberation Front (FMLN) dated in Chalatenango on 31 Jan]

[Text] We report to the people, humanitarian organizations, and the national and international community that on Thursday 24 January members of our National Army for Democracy captured Sergeant Walter Antonio Manuel Montano, a native of Canton Belen, Sonsonate Department, on active duty with the 4th Infantry Brigade at the headquarters in El Paraiso, Chalatenango Department.

At the time of his capture, Sergeant Walter Antonio Manuel Montano was engaged in military intelligence activities in zones under our control, at the town of Agua Caliente, Chalatenango Department.

According to international treaties on prisoners of war, the sergeant was turned over to the International Red Cross Comittee on 30 January in the same town. We thus reassert our respect for human rights. We demand that the government and the Armed Forces high command put an end to their impunity, arbitrary arrests, and the disappearance of people. We demand that an investigation—as well as a trial and punishment—be carried out for the crimes perpetrated by the death squads and the Armed Forces.

Farabundo Marti National Liberation Front
[Dated] Chalatenango, 31 January 1991

Battle Reports, Casualties for 25 Jan-1 Feb

PA0302152291

[Editorial Report] (Clandestine) Radio Farabundo Marti in Spanish to El Salvador at 0000 GMT on 27 January reports that from 20 to 26 January, the National Army for Democracy [END] "inflicted 112 casualties on Cristiani's Army. This includes one sergeant, two corporals, one machine-gun operator, and one radio operator." Military Detachment No. 1, in Chalatenango, alone suffered 36 casualties during that period, the report notes. The announcer adds that END forces seized 16 rifles and machine guns, 2 M-72 LAWs, 2 PRC-77 radios, 2 Claymore mines, 14 knapsacks, and other war materiel.

The report notes that 21 light poles have been sabotaged by END units and "most of these operations were carried out in Cabanas Department." The announcer reports that one important action of this period was the dislodgement of Cacahuatique Battalion troops, of Military Detachment No. 4, from Gualococti, Morazan Department, where the Army suffered 21 casualties.

The announcer reads a war report from La Libertad noting that on 26 January, END units carried out an operation in Chiltiupan and Tamanique, La Libertad Department. In Chiltiupan, END forces inflicted three casualties on the Civil Defense forces.

San Salvador Canal Doce Television in Spanish at 0300 GMT on 29 January quotes Army spokesmen as reporting that as a result of clashes on 27 January in San Vicente Department, in Tecoluca, four soldiers and five guerrillas died. The announcer notes that early on 28 January, one soldier died and three others were wounded when guerrillas attacked Military Detachment No. 1 in San Antonio Los Ranchos, Chalatenango Department.

(Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 29 January reports that as a result of a night maneuver by END units, in El Limon village, Los Amates Canton, San Isidro Municipality, Cabanas Department, six Civil Defense units were captured and later released. The report notes that END forces also seized six M-14 rifles.

The announcer notes that on 26 January, END units clashed with a Lempa Company battalion in Pachigua Arriba Canton with the enemy suffering one dead and three wounded.

The announcer reports that on 28 January there was a clash between END units and Atlacatl Battalion troops in Hojas de Aguitas, San Francisco Morazan, Chalatenango Department, and the enemy suffered one dead and two wounded.

(Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 30 January reports that on 28 January, END units attacked Leon Battalion forces in Ciudad Barrios and inflicted two casualties. The announcer notes that a report from Chalatenango states that on 29 January, the Atlacatl Battalion suffered one casualty in Cerro Viejo and one casualty in Los Mejias. Later, in Dulce Nombre de Maria, the same battalion suffered two more casualties. In Jiquilisco, Usulutan Department, enemy forces suffered two more casualties as a result of an ambush, also on 29 January.

San Salvador Canal Doce Television in Spanish at 0300 GMT on 31 January quotes the Armed Forces as reporting that nine guerrillas and two soldiers died in Chalatenango, San Vicente, and Usulutan departments on 29 January as a result of clashes. The announcer adds that six soldiers and four rebels were also wounded on that day and that the Army seized much war materiel.

(Clandestine) Radio Farabundo Marti in Spanish to El Salvador at 0000 GMT on 31 January reports that enemy forces have been carrying out search operations in San Andres and San Juan Buenavista cantons. On 29 January END forces clashed with enemy forces in San Juan Buenavista and in Achiote and inflicted 11 casualties on them: two dead and nine wounded. On 30 January, END forces clashed with Sumpul Battalion units in southeast Chalatenango Department and seized 10 rifles and one rocket launcher and captured seven wounded soldiers who were later released to the civilian population.

(Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 2 February reports that on 31 January, Jiboa Battalion troops suffered four dead and 15 wounded in Soledad and Miramar Cantons, San Vicente. The enemy left three wounded soldiers behind who are being given medical attention by END, in line with the Geneva Convention, but they are in grave condition, the announcer notes.

The report adds that three rifles, one machine gun, and one rocket launcher were recovered.

The announcer notes that on 31 January, END units inflicted five casualties on Atlacatl forces operating in Chalatenango Department.

Another report notes that in Chirilagua Municipality, San Miguel Department, troops from the 3d Brigade and the Conchagua Battalion beat and killed a woman.

(Clandestine) Radio Farabundo Marti in Spanish to El Salvador at 0000 GMT on 2 February reports that in January 1991, END carried out important military actions and secured the following results: 457 casualties were inflicted on the Army, two helicopters were downed in Cuscatlan, and one tank was destroyed in La Libertad.

Defense Minister Announces Force Restructuring

PA0302230491 San Salvador LA PRENSA GRAFICA 2 Feb 91 p 5

[Text] Defense Minister General Rene Emilio Ponce said yesterday at a news conference, which was held for Salvadoran businessmen at the Presidente Hotel and which concerned "Peace and the Armed Forces," that the transfer of antiterrorist battalions from the security forces to the Army under the command of civilians is the beginning of an in-depth restructuring of the Armed Forces.

This is a good example of the Armed Forces' resolve to become subordinate to civilian power as well as to return to its true role within a democratic society, Ponce said.

"We have had and will have even more important changes than ever before. For example, the antiterrorist battalions that were part of public security forces were already transferred to the Army on 1 January. These antiterrorist battalions were created during the 1980's as a direct result of the conflict."

These battalions are the National Police's Pantera Battalion, the Treasury Police's Libertadores Battalion, and the National Guard's 15 September Battalion.

Ponce described this transitional step as a "qualitative advance" because the security forces will once again resume their traditional role.

Ponce added that when circumstances permit, the security forces will come under civilian control, outside the Armed Forces' organization. There are also plans to decide the fate of the civilian defense, he stressed. He said that they are willing to continue reducing the number of officers through more precise and qualified evaluation and selection requirements.

Ponce said that studies are being completed for a gradual and orderly reduction of the Army. He said that the reduction should be the result of the disapperance of the Farabundo Marti National Liberation Front as an armed force.

He added that the Armed Forces admit there is much to change in all the institutions. He said that more important than any military victory, "which we are capable of achieving, it is much better for our people to attain a firm and fair peace through dialogue."

Lastly, Ponce said that the Armed Forces' presence is not negotiable but that the political, legal, and administrative structure may be reviewed. He said that the reduction of troops must also be discussed, provided rational and logical points are discussed. He also reaffirmed the neutral and apolitical stance of the Armed Forces.

Minister Pacas Discusses Foreign Service Plans

PA0102194291 San Salvador LA PRENSA GRAFICA in Spanish 30 Jan 91 p 3

[Text] Foreign Minister Dr. Jose Manuel Pacas Castro offered breakfast yesterday to the press in one of the ministry's rooms to "further tighten communications with the journalists," he said.

Protocol prevented him from revealing upcoming changes and the new countries that might be hosting Salvadoran embassies, consulates, and commercial representations. He promised that all the details will be revealed in due time. He outlined a Foreign Ministry plan to increase the country's presence in the Nordic countries in order to maximize the aid they offer through nonofficial institutions.

The foreign minister introduced Rolando Velasquez, the ministry's new culture and communications director, who replaced Leopoldo Herrera. All the ministry's general directors also attended the breakfast.

Pacas also announced that Dr. Francisco Roberto Lima has been rehired by the ministry as an advisor on border issues. He is an expert on that subject and on an ongoing suit at the International Court in The Hague.

The minister also commented on a new project to modernize the Foreign Affairs Ministry, which will cost about $330,000, involving a non-refundable $200,000 contribution from the United Nations.

Pacas said that the project's specific goal is to draft a proposal for a system to ensure coordination among all government institutions involved in the country's foreign policy.

Our goal is to implement a new organizational and operational structure at the ministry in line with the institution's leadership needs and the demands of international relations and contemporary public administration, he added.

Minister Pacas also discussed having a professional career service for ministry officials and additional training for diplomats. Finally, he said that efforts will be made to ensure that the ministry plays a more effective role in the promotion of the country's financial and commercial interests abroad.

Reaction to Bush's State of Union Address Viewed

PA0202041191 San Salvador DIARIO LATINO in Spanish 31 Jan 91 p 3

[Unattributed article: "Different Reactions to President Bush's Address"]

[Text] The address delivered by President George Bush on 30 January has prompted several reactions from local politicians. In his address, President Bush said that he will make use of all possible resources to protect the world from the threat represented by Saddam Husayn.

Vice President Francisco Merino has said that Bush's address points out the course of action that the United States has been forced to take, given the stubbornness of the Iraqi leader.

As is well known, the conflict in the Persian Gulf broke out 14 days ago after the Iraqi annexation of Kuwait, one of the largest oil-producing countries in the world, which took place on 6 August of last year.

After commenting on Bush's address, the Salvadoran vice president expressed support for the action undertaken by the allies and he said that, unfortunately, El Salvador cannot contribute with military aid, but it gives its moral support to the U.S. President and the North American nation.

Merino termed the war that was launched as "fair" and he said that it is being waged to contain the warmongering aspirations displayed by Husayn.

With regard to Bush's address, Democratic Convergence leader Dr. Ruben Zamora has said that the U.S. President has no other choice but to face the struggle that he has undertaken, which will cost the lives of thousands of people.

Zamora expressed his hope that the peace proposal presented by Iran will be viable, because it will represent an alternative to stop the catastrophe of a greater conflict.

Meanwhile, Economy Minister Arturo Zablah has stated that, if the conflict continues to develop under the conditions expressed by President Bush, the North American nation will face a recession that will have some effect on the level of domestic exports to the United States.

However, Zablah stressed that the conflict will have a greater effect on the oil-producing countries that have large foreign debts.

Honduras

Nicaraguan Vessel Reportedly Attacks Patrol Boats

PA0102202691 Tegucigalpa Voz de Honduras Network in Spanish 1915 GMT 1 Feb 91

[Interview with Foreign Ministry spokesman Eugenio Castro Claramount by unidentified reporter—live; monitored in progress]

[Text] [Castro] ...there was an exchange of fire between both forces. We can also report that Honduras has protested this attack to the Nicaraguan Government.

We repeat: This morning, a Nicaraguan Armed Forces vessel attacked two Honduran patrol boats in the Fonseca Gulf in Honduran territorial waters. The Honduran patrol boats had to reply to the attack, and there was an exchange of fire between the two forces. Honduras has filed a protest note with the Nicaraguan Government.

[Announcer] Are there any reports on casualties?

[Castro] So far we have no reports on casualties. We expect to have more information on this incident later on, but so far that is all we have.

[Announcer] So you can confirm that two Honduran boats were attacked by a Nicaraguan vessel?

[Castro] That is correct. Two Honduran patrol boats were attacked by Nicaraguans in Honduran territorial waters.

[Announcer] You said this happened this morning?

[Castro] Yes, a few hours ago. I cannot tell you the exact time. We will have more details later on in the day. The incident occurred a few hours ago.

President Defends Changes in Armed Forces

PA0402033391 San Pedro Sula LA PRENSA in Spanish 29 Jan 91 p 3

[Text] President Leonardo Callejas has said the latest changes in the Armed Forces were carried out within the framework of the their charter law and are therefore based on the criteria of the general staff, under the authority of its commander General Luis Alonso Discua. On 26 January, the Senior Council of the Armed Forces ordered the removal of General Roberto Mendoza Garay, Honduran Air Force commander, and the commanders of four major Army units.

"The decisions fall within the purview of the commander in chief and are based on the laws and regulations" of the Armed Forces, said the president, who, according to the Constitution, is the general commander of the military. "I feel this action ordered by Gen. Discua aims at naming the persons he deems are the most qualified to share the Armed Forces future," Callejas remarked.

When asked if he was not concerned about the continous shifts, Callejas replied that he was not at all concerned because "the Armed Forces' internal changes have no impact on the country's stability." "Absolutely not, and it really surprises me that some of these changes prompt commentaries on this topic. That is why I want to make it perfectly clear that Gen. Discua informed me at the most opportune time of all the changes he was making, in accordance with the law," Callejas remarked. The protests by the people against the economic measures cannot lead to a break in the existing constitutional order either, the president said.

"What is your relationship with the Armed Forces?" he was asked. "One mandated by the law and that stems from the law. Since in this regard I have an institutional and personal relationship, I have access to and communicate with the Armed Forces' senior officers. These matters do not, however, fall within the purview of the president. The Armed Forces have sworn obedience and loyalty to the Constitution," Callejas said.

Callejas Travels to Miami for Medical Checkup

PA0102210991 San Pedro Sula LA PRENSA in Spanish 1 Feb 91 p 13

[Text] Tegucigalpa—President Rafael Leonardo Callejas will be leaving on an unofficial trip to Miami this afternoon.

According to the brief information obtained last night, the president will be in the United States for two days to undergo a medical checkup.

Callejas is scheduled to leave at 1330, after he participates in the festivities to celebrate the day of the Virgin of Suyapa along with the members of the senior council of the Armed Forces.

Official sources have said the president will return to Honduras on the morning of 3 February.

Nicaragua

Honduras Charged With Attack on Patrol Boat

PA0202130691 Managua Domestic Service in Spanish 1210 GMT 2 Feb 91

[Text] A border patrol boat in Nicaraguan Military Region 2 was attacked yesterday by Honduran boats under uncertain circumstances. Claudia Paniagua, director of information and press in the Foreign Ministry, reads a press bulletin:

[Begin Paniagua recording] In the early morning hours of 1 February 1991, a Nicaraguan border patrol boat in Military Region 2 was attacked by Honduran boats in Nicaraguan territory under circumstances that are being investigated by the corresponding authorities.

At this time we can report that the Honduran Foreign Ministry's versions—which have appeared in an AP report—do not coincide with the information received by the Nicaraguan Foreign Ministry.

Information and Press Directorate, Foreign Ministry. [end recording]

That was Claudia Paniagua, information and press director in the Foreign Ministry, reading a press release.

EPS Members Reportedly Killed

PA0202202791 Mexico City NOTIMEX in Spanish 1916 GMT 2 Feb 91

[Text] Managua, 2 Feb (NOTIMEX)—Nicaragua stated today that the Honduran Foreign Ministry version of yesterday's incident between Nicaraguan and Honduran patrol boats in the Gulf of Fonseca "does not coincide" with the information received in Managua.

Two members of Nicaragua's Sandinist People's Army (EPS) were killed yesterday during an exchange of shots with Honduran Pirana boats in the Gulf of Fonseca, which the two nations share with El Salvador.

Eugenio Castro, the Honduran Foreign Ministry spokesman, confirmed yesterday that there was shooting between the two countries' navies and said that the Honduran boats were attacked "and were forced to answer the fire."

A brief communique from the Nicaraguan Foreign Ministry stated that the circumstances surrounding the incident are being investigated today, but that the information received so far did not coincide with the version offered by the Honduran authorities.

Incidents between Honduran and Nicaraguan boats in the Gulf of Fonseca are frequent, despite the bilateral commission appointed to solve the territorial claims.

6 Personnel Missing

PA0302190991 Hamburg DPA in Spanish 0456 GMT 3 Feb 91

[Text] Managua, 2 Feb (DPA)—According to a Nicaraguan Foreign Ministry communique, six people—two technicians and four Sandinist People's Army (EPS) soldiers—were declared missing in the Gulf of Fonseca today following an as-yet unexplained incident between the occupants of two boats.

The Foreign Ministry communique states that two Institute of Natural Resources (IRENA) inspectors and four border guards from the "Torrecillas Checkpoint" were operating a boat in national waters when a Honduran boat opened fire on them.

The Nicaraguan note states that Honduras' diplomatic response to Nicaragua's protest says that the technicians were aboard a gunboat, which leads to the assumption that it was a civilian mission to protect Nicaraguan natural resources. [sentence as received]

The Nicaraguan note rules out Honduras' explanation to the effect that the technical mission had provoked the attack, and believes that the Nicaraguans were the targets of "gunfire, with the serious consequences that this implies."

The IRENA inspectors were identified as Alejandro Lopez Roman and Gregorio Luna. The EPS soldiers are Francisco Javier Maradiaga, Juan Ramon Maradiaga, Marcos Hernandez Ramos, and Mauricio Guido Grillo.

Nicaragua, El Salvador, and Honduras share territorial rights in the Gulf of Fonseca.

FMLN To Return Some Missiles to Government

PA0102202991 Managua Domestic Service in Spanish 1836 GMT 1 Feb 91

[Text] It was reported today that the Nicaraguan Government will receive some missiles from the Farabundo Marti National Liberation Front [FMLN] in Managua and San Salvador on 2 February.

The FMLN promised the government of President Violeta Barrios de Chamorro that it would return at least 17 surface-to-air missiles which had been stolen from Nicaraguan Army warehouses in October 1990.

In El Salvador, the missiles will be turned over to a government delegation made up of officials from the Nicaraguan Presidency, the Government Ministry, and the Nicaraguan Army, in the presence of Mexican Government officials who will certify the return.

The time and location of the return of missiles not removed from Nicaraguan territory has not been announced in Managua. Minister of the Presidency Antonio Lacayo has promised that it will be a public event, open to the press.

By obtaining this return, the Nicaraguan Government proves its firm willingness to help attain peace and demilitarization in the Central American region and to help find a negotiated solution to the situation in El Salvador.

FMLN Returns Missiles to Authorities 2 Feb

PA0302011691

[Editorial Report] Managua Domestic Service in Spanish at 1923 GMT on 2 February begins live coverage of a ceremony in which representatives of the Farabundo Marti National Liberation Front (FMLN) will return eight missiles to the Nicaraguan authorities at the Mexican Embassy in Managua.

At 1923 GMT Mexican Ambassador Ricardo Galan Mendez begins reading a declaration. He reads the names of the representatives of the government, the FMLN, and the Sandinist People's Army (EPS) attending the ceremony and declares: "The FMLN has delivered to the Nicaraguan Government eight missiles with micro firing mechanisms. The specifications of the missiles will be verified once they are unpacked. After the cited specifications are corroborated, the Nicaraguan Government will receive this delivery accordingly."

The announcer says at 1925 GMT that the participants at the ceremony are moving toward and later unpacking the missiles. He describes the missiles and says that the photographers are taking pictures.

At 1930 GMT the announcer begins interviewing FMLN commander Marisol Galindo. When asked how many missiles the FMLN will return, Galindo replies: "We are going to return eight missiles here and nine in El Salvador." She adds that "the return of missiles is being done simultaneously in Morazan Department."

The announcer begins interviewing FMLN commander Maria Marta Valladares at 1932 GMT. She states that the FMLN will continue to defend itself and the war will not end until agreements have been reached. Valladares further states: "This is a rare occurrence within the Salvadoran peace process, but we still have missiles and we will continue to fire them." Commander Valladares continues: "The relations with the Sandinist National Liberation Front have not been adversely affected." She adds that "the negotiations were conducted with the Nicaraguan Government." When asked why the FMLN decided to return these highly effective missiles, Valladares states: "We decided to return these missiles because of political implications and pressures." She concludes by saying that this move "will not hinder our fighting capabilities."

At 1937 GMT the announcer begins interviewing Lt. Col. Manuel Guzman, who is receiving the missiles on

behalf of the EPS. Lt. Col. Guzman reports on the value of the "four SAM-7 and four SAM-14 missiles received" and their effectiveness. The EPS officer concludes by saying that the missiles are used against air attacks launched by planes flying at low altitudes.

An unidentified television reporter begins interviewing Government Ministry spokesman Frank Cesar at 1938 GMT. Cesar characterizes today's ceremony as the delivery of eight missiles by the FMLN. Cesar states: "This is a Nicaraguan Government's demonstration to contribute to the pacification of Central America and the attainment of a stable and long-lasting peace." He concludes by saying that probably next week military authorities will render their decision regarding the EPS officers who had sold the missiles to the FMLN.

Before the end of the live relay at 1941 GMT, the announcer advises listeners that the remaining missiles are "due to arrive at Nicaragua's International Airport at 1800 (0000 GMT)."

Seeks Cease-Fire, Negotiations

PA0302234691 Panama City ACAN in Spanish 2213 GMT 3 Feb 91

[Text] Managua, 2 Feb [date as received] (ACAN-EFE)—The General Command of the Salvadoran guerrillas today sent a letter to Nicaraguan President Violeta Chamorro. In the letter, it reiterates its willingness to attain a negotiated solution to the Salvadoran conflict.

In the letter, the Farabundo Marti National Liberation Front (FMLN) explained why it returned to the Nicaraguan Government 17 of the 28 missiles it illegally acquired from Sandinist servicemen in October 1990.

"The FMLN seeks a cease-fire that will end the war," the General Command stressed in the document, which was signed by one of its five members, Eduardo Sancho.

The insurgents told Chamorro of their intention to seek a "peaceful solution" to the war in El Salvador. In 11 years of war, nearly 40,000 have died, according to the Army, and over 70,000 have died, according to international humanitarian organizations.

In the letter, the rebels also stated that the United States should help bring about a "dialogue" that will lead to an "opening" in El Salvador.

The FMLN and the Salvadoran Government are holding a private dialogue, with the mediation of the United Nations, to try to end the conflict.

On 2 February, the FMLN turned over the missiles to Nicaraguan civilian and military officials in El Salvador and Nicaragua.

The other 11 missiles were not returned because the rebels fired them between 4 November and 31 December in six different locations in El Salvador, sources have reported.

The letter stated that "this politically resolves" the scandal that broke out when it was discovered that four officers of the Sandinist People's Army (EPS) supplied the antiaircraft missiles to the rebels. Nevertheless, the rebels have warned that they have other missiles, such as the U.S.-made Redeye, bought from the disbanded Nicaraguan contras.

Antonio Lacayo on Debt, Stolen Missiles

PA0302002691 Managua Domestic Service in Spanish 1200 GMT 2 Feb 91

[Statement by Presidency Minister Antonio Lacayo during a working breakfast with local and foreign journalists at the Presidential Press and Information Directorate in Managua on 1 Feb; recorded—broadcast in progress]

[Text] ...Washington with members of the U.S. Congress, U.S. Administration, influential groups, religious groups, and several international financial groups about Nicaragua's outlook for 1991. Our goal is to increase the U. S. solidarity with Nicaragua and to ask U.S. authorities to mediate on our behalf so that other countries of the world will also send aid to Nicaragua—bearing in mind the meeting scheduled for 25 March, as a followup to the meeting that I presided over....[corrects himself] that I attended in Paris on 3-4 December.

The international community will hold a meeting to decide on its contribution to help Nicaragua solve the problem of its accrued debt with the World Bank and the Inter-American Development Bank [IDB]. More than one journalist—especially the foreign journalists—has said that we achieved nothing at the 3-4 December meeting in Paris. However, the purpose of the meeting was not to request aid, so the journalists are wrong. The purpose of the meeting was to start a round of talks that should conclude on 25 March, when the international community will make a firm contribution so that Nicaragua can—we certainly hope—solve its accrued $350-million debt with the World Bank and the IDB.

Thus, these organizations will be able to grant us more loans with favorable terms for several projects that we want to carry out in the country, such as the construction of secondary roads; the improvement of our agriculture, health, and education programs; and a series of projects that are usually financed by these multilateral organizations. As Washington is a place where there are obviously many different opinions and power is distributed throughout different forums and agencies, we are determined to meet and talk with each group for as long as necessary in order to guarantee that [word indistinct] is understood by all the different groups in that city, where the government's decisions are made.

We will talk with different committees—in the U.S. Senate and the House of Representatives—and some House leaders. We will meet with different U.S. authorities; we will visit the World Bank, the IDB, and the IMF; and we will hold meetings at the highest level. We will

also hold talks with the so-called think tanks, meaning groups which formulate opinions; religious groups; and the media. Thus, even though the world's eyes are focused on the Persian Gulf war, we will remind them that there is a country called Nicaragua, which has come out of a war; which has managed to settle its differences through an electoral process; which is strengthening its democratic system through a reconciliation and consultation; and which requires the support of the United States and the international community to alleviate the terrible situation of the Nicaraguan people as a result of a war which lasted many years. The defense of its sovereignty was the main issue at the time and practically all of its resources were used in the war.

In addition to the report on the trip and its goals, I would also like to take this opportunity to state the Nicaraguan Government's satisfaction with the reply that we have received from the FMLN [Farabundo Marti National Liberation Front] concerning the demand from the Nicaraguan Government early in January. The government said that the missiles which were illegally removed from the Sandinist People's Army warehouses should be returned to those same warehouses. The information minister met with FMLN representatives early in January, and Army officials did the same thing. Following the Nicaraguan Government's demand, which I announced during a news conference held here at the Press and Information Directorate early in January, FMLN spokesmen announced this week that all the missiles left from a lot of approximately 28 that were apparently taken in October 1990 will be returned tomorrow.

The missiles obviously do not include those which have been fired. We will receive a detailed report giving the place and date on which they were used so that we may corroborate the information with the Salvadoran Government. Nevertheless, we believe that most of the missiles will be returned, meaning that only 10 or 11 were fired, so we expect that 16 or 17 missiles will be returned. Our government has made a positive contribution to the attainment of peace in El Salvador and Central America. It has made a positive contribution toward a negotiated solution to the Salvadoran conflict. The FMLN's attitude proves that, regardless of the interest that they may have in solving the Salvadoran conflict, they also must have respect for governments like ours. We believe that peace can be attained by talking and negotiating, finding solutions, and avoiding military solutions.

I also want to report that tomorrow we will be formally renegotiating our debt with Mexico. The finance secretary of Mexico, Dr. Pedro Aspe, will arrive in the country today. Tomorrow he will sign a renegotiation agreement with Nicaraguan Foreign Cooperation Minister Erwin Krugger. This agreement deals with a debt acquired, basically, during the initial years of the Sandinist Government in Nicaragua—during the Lopez-Portillo administration in Mexico—over oil supplies to Nicaragua. This debt amounts to approximately $1.020 million. It has been satisfactorily renegotiated with Mexico and will be taken care of in two, let us call them, packages.

The first package is for approximately $520 million. This package has been negotiated under the same terms we renegotiated our debt with Venezuela. The principal will be paid through bonuses with a 40-year deadline. We will begin paying interests on the principal after a six-year grace period and only on the years during which Nicaragua is able to export $1.4 billion. This means that after a six-year grace period, that is, as of 1997, Nicaragua has to start paying interest. However, Nicaragua should be exporting $1.8 billion or $1.9 billion—which would be the equivalent to today's $1.4 billion, because of the depreciation of the dollar—in order to be obligated to start paying interest. Mexico just like Venezuela, is contributing to the economic recovery of Nicaragua so that someday it may reach the export level of Costa Rica and the level that Nicaragua should be at now were it not for the war that we endured. If we do not recover, we are not obligated to pay interest. Of course, we would prefer facing the obligation of paying interests because this would mean that we had recovered our economic capability.

The other $500 million—the second package—will be handled in a very creative fashion. The Nicaraguan Government agreed to issue a bonus worth 10 percent of that debt—that is, $50 million—so that the Mexican Government may use it for a privatization process that will be initiated in our country in the next few weeks. This will function as follows: The Mexican Government will make arrangements with Mexican businessmen interested in investing in Nicaragua. The day our government opens a bidding for, let us say, the Montelimar Hotel, all interested investors, national or foreigners, may participate in that bidding. Investors will offer whatever they believe that asset is worth. The government will first evaluate how much the hotel is worth and then accept the best offer based on that evaluation. The hotel will be sold to the highest bidder.

If the highest bidder is Mexican, then the hotel will be sold to him and he will be entitled to pay with the bonus. If the highest bidder is a Japanese, or a Soviet friend, or a North American, or a Nicaraguan, or workers, the asset will always go to the highest bidder.

We believe that regardless of who buys, we will be promoting investments because whoever buys will be doing so because he wants to make profits. He will make investments and improve the asset and this will bring benefits to the workers involved, to the Nicaraguan people in general, and to our economy. We will also be erasing part of the debt that the Sandinist Government acquired with Mexico for the purchase of oil supplies. We are not talking about luxury items. We are talking about the gasoline that moved the country during the first years of the revolution. We will be paying that debt without having to disburse money and without having to

reduce the national budget. As the Mexican president has said, we will be using assets to [words indistinct]. Nicaragua does not have money, but it has airplanes, hotels, factories, and other things that were acquired by the government in recent years. Now we are going to use them to face our obligations like a serious and responsible nation.

I also want to share with you an official report. In the afternoon of 18 April, shortly before we celebrate our first anniversary in the government, the king and the queen of Spain will be arriving in Nicaragua for their first official visit to Nicaragua. This visit will be for three days. They will obviously strengthen the ties of friendship that unite Nicaragua and Spain, a country that has played an important political and economic role in Nicaragua in recent years. We obviously would like for Spain to continue playing this role for the benefit of Nicaragua.

EPS Announces Command Reorganization

PA0302010191 Managua LA PRENSA in Spanish 31 Jan 91 pp 1, 18

[Text] The EPS [Sandinist People's Army] announced its second command reorganization in less than a year on 31 January. It transferred three colonels to positions previously held by lieutenant colonels; opened two military schools at places where military departments operated before; promoted two lieutenant colonels to regional military commanders; and created the positions of Army secretary general commander and adjutancy commander.

The first reorganization took place in the Sandinist Air Force and Air Defense Directory of the Republic of Nicaragua [FAS-DAA] in September 1990. At that time, Colonel Manuel Salvatierra, the commander of the Fourth Military Region, was transferred to the position of FAS-DAA commander to replace Col. Javier Pichardo, who had been charged with military insubordination by the EPS command staff.

The EPS general command announced the new changes "by order of the EPS commander-in-chief" and based them on "the EPS reorganization process." Thus, there is now a controversy between the validity of the Decree 1-90 and the 23 February military law.

According to Decree 1-90, only the defense minister—a position currently occupied by President Violeta Chamorro—can appoint the Armed Forces field commanders.

Paradoxically, according to the military organization law—which was approved by the Sandinists after the 25 February elections—the Army's commander-in-chief also has the power, among other things, to appoint the command staff chief and even the soldiers in the lowest military ranks, as proposed by the military council.

Even though the Army's public relations office could not comment in-depth or explain these changes, according to its communique No. 3 and the structural plan published by LA PRENSA, area headquarters such as the political directorate for partisan instruction, once occupied by Colonel Hugo Torres who is replacing Lieutenant Colonel Marisol Castillo in the cadres directorate, no longer exists. Castillo's new post is unknown.

Lieutenant Colonel Ramiro Contreras will abandon the Army general commmand and has been confirmed as adjutant chief of the EPS' commander in chief. According to military laws approved by the Sandinists following the elections, the commander's office occupies the highest position on the roster.

The commander's office according to the same law, is formed by the commander in chief who is currently Humberto Ortega, Chief of Staff Joaquin Cuadra, the Army's inspector general who is not known, and a secretary general.

Combat preparedness and centers for military training and cadres, led by Colonel Alvaro Baltodano, will also be abolished. Baltodano will become the chief of the EPS' general secretariat, a post whose previous occupant is unknown, but which according to military law is a general headquarters support organization.

The general headquarters secretariat is formed by one colonel, nine lieutenant colonels, and five majors who constitute the general staff and will follow orders from the EPS headquarters on counterintelligence operations; intelligence operations; public relations; the functioning of the military hospital; weapons; cadres; military auditing, engineering, organization and mobilization; and administrative and legal affairs.

According to Communique No. 3, two new headquarters were created within the secretariat. They will be occupied by two colonels who will be transferred from the regions. It has been announced that the center for higher studies and military training will be headed by Colonel Julio Cesar Ramos Arguello, who was replaced in Region Three by Lieutenant Colonel Julio Cesar Aviles Castillo, formerly chief of staff of Military Region Three.

Colonel Roberto Calderon Meza was replaced in the war-torn Region 5 by Lieutenant Colonel Julio Cesar Delgadillo, formerly chief of staff of Military Region 5. Calderon became the first EPS chief of logistics within the military secretariat.

These seven changes within the EPS are part of a military structure which, according to the same law, is formed thus: 1. general command; 2. general staff; 3. land troops; 4. Sandinist Air Force and Air Defense Directory; 5. Sandinist Navy; 6. high command reserve; 7. combat assurance units; 8. materiel and services assurance units; 9. central rearguard; 10. military schools; 11. other units.

Chamorro, Costa Rica's Calderon Sign Accord

PA0302163391 Managua LA PRENSA in Spanish 1 Feb 91 pp 1, 8

[Article by Emilio Zambrana]

[Text] The two-day meeting in Managua between President Violeta Chamorro of Nicaragua and Rafael Calderon Fournier of Costa Rica came to a conclusion on 1 February with the signing of a bilateral cooperation agreement in such fields as economics, trade, security, border, immigration, education, and cultural affairs.

The presidents of Nicaragua and Costa Rica also signed a joint declaration whereby they agreed to suspend visa requirements for diplomatic, official, and service passports, and to grant multiple visas to businessmen.

During Calderon's official visit to Nicaragua, he met with General Humberto Ortega, whom he acknowledged for "his role in contributing to national life." He was referring to the role of the Army in backing the democratic government of President Chamorro.

It has also been learned that the Costa Rican president expressed his satisfaction over the professional development of the Army, its incorporation into the democratic life of Nicaragua, and its support to the Chamorro administration.

Both leaders agreed to coordinate efforts in matters related to security, verification, control, and limiting arms and military personnel, so that these may take place in the short term through the signing of agreements.

Calderon and Chamorro analyzed the status of the external debt and reached agreements in matters related to the environment, the fight against drug trafficking, and the solution to common problems.

During the next meeting of the Security Commission that is scheduled to take place in Managua in March, both governments have agreed to make public their stock of weapons and the results of a census of troops.

The Costa Rican president expressed his interest in cooperating with Nicaragua in matters related to education by opening scholarships in Costa Rican universities to Nicaraguan students.

President Chamorro, in thanking President Calderon for his visit, said that this meant "amplifying the relationship between brother countries."

In thanking Costa Rica for its assistance to Nicaragua, President Chamorro said that "together we shall work for peace and reconciliation in Central America."

For his part, President Calderon Fournier stated that with his visit to Nicaragua "the harmony of two brother nations is strengthened." He also pointed out that the agreement signed by President Chamorro is aimed toward mutual cooperation "and solving common problems."

In addition, the presidents agreed to meet once a year and to create a bilateral commission to facilitate the links of cooperation between both countries.

President Chamorro, along with members of the cabinet and the diplomatic corps, bid farewell to President Calderon at the Sandino Airport terminal.

FSLN on Importance of Pre-Congress Debates

PA0402015291 Managua BARRICADA in Spanish 30 Jan 91 pp 1, 12

[Text] Commander Luis Carrion Cruz confirmed on 29 January that the Sandinist National Liberation Front (FSLN) will hold its first congress in July. He stressed that the debates that will be held prior to the event "are an essential part of the congress itself."

At a news conference, Carrion outlined how the event will be prepared and conducted. He said that the congress' results "will be very relevant not only for the Sandinists, but also for the entire country" because, in his opinion, the FSLN is the only political party with nationwide scope and it is the nation's most important political institution.

The congress must be held on the established date; "it would be negative to postpone the congress," he said. As of 29 January when Carrion, vice coordinator of the FSLN's Executive Commission, made the announcement, a series of scheduled events began and will conclude on 19, 20, and 21 July.

The congress will be attended by 400 delegates who will be previously elected at departmental congresses and who will be the only persons entitled to vote at the congress. Special guests will be invited but will have no rights within the congress. Carrion insisted that only the elected delegates will be entitled to vote.

Carrion described the debate prior to the congress as a "very essential part of the congress." He said that they will be open to all Sandinists. Carrion, currently one of the seven members of the Sandinist directorate, said that the FSLN has asked various media sources to cover the debates.

Carrion said that during the debate the FSLN will not support personal accusations, name-calling, nor intents to ignore prior proposals presented by the companeros. He said: "On the contrary, we want ideas to be freely debated and to reach agreements according to their merit. We do not want anyone to feel inhibited from participating in the debates."

He said that in the period before the congress, we must be open to debate instead of trying to exclude or prevent anyone from participating. He said, "We want this

debate to be the essence of Sandinist cohesion that should be ratified in the congress in July.

The congress will also have the responsibiity of electing the officers to be established in the by-laws to be approved. The by-laws, to be drafted by a commission, will determine not only the number of members of the FSLN National Directorate, but also its structure.

Commander Carrion said that the date of the congress had been set by the Central Preparatory Commission, elected in June during the Assembly held in Crucero. The Commission, headed by the members of the FSLN National Directorate, is made up of 12 members of the Sandinist Assembly. The Central Commission, headed by commanders Daniel Ortega, Henry Ruiz, and compañero Rene Nunez, has organized four work commissions.

It is believed that in preparing for the congress, the drafts of the documents the commissions are working on should be ready by 28 February, at the latest. The documents are scheduled to be distributed starting 15 March so that they can be analyzed.

According to Carrion, the idea is to have the broadest debates possible, with the participation of members, future members, affiliates and all Sandinists. All FSLN sympathizers should participate with their contributions, criticisms, suggestions and initiatives. The suggestions and opinions gathered during the grass roots debates will be studied in June during the departmental congresses.

COSEP Criticizes Government's Cordoba Oro Policy

PA0202043291 Managua LA PRENSA in Spanish 28 Jan 91 p 3

[Unattributed article]

[Text] Gilberto Cuadra, president of the Higher Council of Private Enterprise (COSEP), has said that the agitation and labor unrest that the country is experiencing are ultimately the result of the executive branch authorities' surrender to a political settlement called a concerted agreement between the Sandinists and the government.

Cuadra said that "the weekly devaluations are a waste of time because everything is pegged to the cordoba oro, and since devaluations take place on Mondays, people who sell things start to mark up prices on Friday, or even earlier, thus increasing prices perhaps higher than the actual percentage of the devaluation would warrant."

Cuadra said that "before each devaluation we have the so-called "expectation increases." That is tantamount to pouring fuel into a raging fire; we must not continue the mistaken practice of maintaining the cordoba oro's fictitious parity with the dollar," Cuadra added.

The COSEP president said that "our currency will only be stable when the country's economy is stable and that is what we should concern ourselves with first: to stabilize the country's economy with prudent measures as dictated by experience."

As for how much the cordoba oro exchange rate to the dollar should be devalued, the COSEP president said that the cordoba oro should be circulated to determine how strong it really is. "If there is no production and Army expenditures are not reduced, then the cordoba oro will suffer the same fate as tree leaves: they will fall and nosedive," Cuadra said.

Cuadra added that "the old cordoba has been used as a crutch to maintain the cordoba oro's parity, but it is no longer a crutch but a wheelchair, because the situation is continuing to deteriorate."

COSEP Vice President Ramiro Gurdian has said that in our country "all government services are based on the dollar; services such as telephone, electricity, water, port, financial system, and so on are all based on the dollar."

As an example, he said that if electricity costs $40 a month anywhere in Central America, it costs four times that much here in Nicaragua.

"At the airport Nicaragua is charging $1 while all other Central American countries are charging 20 cents," he added.

He said that "this is a silly example, but it shows the distortions that we have previously noted and makes this country one of the most expensive in the world."

"Those who manage the services mentioned have decided to only accept the cordoba oro while maintaining the inefficiency created by high operational costs." Gurdian adds that "the Port of Corinto is one of the most expensive in all of America. The handling of a box of bananas costs 33 cents in comparison to 11 cents in Puerto Limon, Costa Rica or Puerto Cortes, Honduras."

"All these extremely expensive services are pegged to inefficiency and are harshly affecting all production costs in the country," Guardian said. He wonders: "How can we overcome this?"

"By having a single currency and correcting inefficiencies to stop burdening the Nicaraguan people with such economic distortions," Gurdian replied to his own question.

"The core of the problem is the government's fiscal deficit caused by a military apparatus that nobody needs, and on top of this is the government's bureaucracy," Gurdian said.

"The government claims that the solution is to increase production," Gurdian added, "but costs must be reduced first to encourage people to produce."

Panama

Court Denies Bail Request for Colonel Herrera

PA0302024691 Panama City EL PANAMA AMERICA in Spanish 2 Feb 91 p 1

[Text] The Superior Court of the Province of Chiriqui denied on 1 February a bail request on behalf of retired Colonel Eduardo Herrera, former head of the National Police.

The Attorney General's Office initiated in 1990 an investigation related to several terrorist acts that took place in the Province of Chiriqui, which according to the authorities, were promoted by Herrera.

In a resolution, the Superior Court of Chiriqui denied the bail request on the grounds that the former head of the National Police was the promoter of subversive acts intended to destabilize the present government.

The Second Superior Court of the Province of Panama had set bail at 75,000 balboas in another judicial proceeding against Col. Herrera for having allegedly committed a crime against state security.

Paramilitary Group Attacks Magistrate's House

PA0302221391 Panama City CRITICA LIBRE in Spanish 2 Feb 91 pp 1, 19

[Report by Ingrid Rodriguez-Cuevas and Marcelino Rodriguez]

[Text] A shootout between a paramilitary group and security members, who protect Magistrate Wilfredo Saenz' residence, occurred yesterday afternoon. The incident caused panic and anguish among the people living in the sector of Villa de las Fuentes No. 2.

Magistrate Wilfredo Saenz said that he has received death threats, anonymous letters, telephone calls, and written messages on different occasions. He added that he has requested the authorities' cooperation as the bandits could easily approach his residency.

Magistrate Saenz said that he does not know why people threaten him. He says that his family has also been threatened by telephone, adding that they once received a 9-mm bullet with a paper which said: "Watch out."

Nevertheless, the lawyer said he will continue to administer justice in an impartial and honest way, always fighting crime, because no one will ever be able to scare him. He said that he will continue to be faithful to justice because he must participate in the country's reorganization.

It is appropriate to mention that the cases being handled by Wilfredo Saenz, a magistrate of the Second Penal Court, include the investigation of Doctor Hugo Spadafora's murder and other cases concerning prominent civilian and military members of the previous military regime.

It is expected that most of the people suspected of participating in Dr. Spadafora's bloody assassination will be summoned to a trial in a few months.

Linares Rejects Safe-Conduct for Common Criminals

PA0102204691 Panama City LA PRENSA in Spanish 30 Jan 91 p A-1

[By Vilma E. Figueroa B.]

[Excerpt] Foreign Minister Julio Linares has stated that "it is very difficult" for Guillermo Endara's administration to grant safe-conduct to those important officials of the toppled military regime who have taken refuge in Latin American embassies because they are charged with common crimes and not political ones. He also admitted that Panama cannot isolate itself as a country.

Linares reacted in this manner to the Group of Rio's statement which suggested that the Panamanian Government should comply with the Caracas Convention's dispositions on the right to asylum.

The diplomat believes that the decision made by the 11 countries in the Group of Rio shows that "each asylum seeker is an element of a conflict that is about to reach a critical level."

According to the foreign minister, the Group of Rio has backed the position of those member states that have asylum seekers in their embassies. Linares said that, despite the fact that the Panamanian Government had proposed having the case brought before international arbitration, "it is notoriously evident that the countries with refugees in their embassies do not want to resort to international arbitration or to the International Court of Justice; thus, the country is in a very difficult situation." [passage omitted]

Government Officials Comment on Arnulfist Party

PA0302024491 Panama City Circuito RPC Television in Spanish 2300 GMT 1 Feb 91

[Text] The presidents of political parties that comprise the government alliance this morning met with the president of the Republic to assess, according to reports, the results of the partial elections and other issues.

The situation that has emerged within the rank and file of the Arnulfist Party was also discussed at this meeting. Deputy Presidency Minister Miguel Batista said, however, that the Arnulfists have managed to iron out internal differences:

[Begin Batista recording] Certain Arnulfist Party members are displeased because they believe that the government or state has not assigned them the roles they deserve. This is because of the way this government was put together in compliance with the slate that appeared on the ballots of the 7 May 1989 elections. This does not,

however, imply that there are differences in the party's national, district, or provincial directorates. [end recording]

Second Vice President Guillermo Ford, on leaving the Palace of the Herons, said:

[Begin recording] [Ford, in progress] ...that support the government alliance met with the president of the Republic and the two vice presidents of the Republic to discuss various issues. In other words, we did nothing unusual this morning.

[Reporter] This meeting is taking place amid a highly tense atmosphere because the rank and file of the Arnulfist Party have threatened to leave the government coalition. I imagine that this issue was also discussed.

[Ford] No, we viewed it from another standpoint. The government alliance will become stronger than ever; we must continue to support it because that was the commitment we made to the Panamanian people. I view what you mentioned from another standpoint: from the standpoint of strengthening the government alliance. [end recording]

Argentina

Foreign Minister Comments on U.S. Relations

PY0302224091 Buenos Aires BUENOS AIRES HERALD in English 2 Feb 91 p 11

[Text] (NA-DYN)—Recently appointed Foreign Minister Guido De Tella said yesterday that "we do not want to be in the First World because of love but for pragmatic reasons," and announced that he would continue the line of strengthening relations with the United States, which was carried out by his predecessor Domingo Cavallo.

Di Tella gathered all Foreign Ministry personnel to greet them and outline his policies as head of that department.

"There was a time when our relations with the US were weak but, thanks to the policies designed by President Carlos Menem, we are becoming what we once were in relation to that country," Di Tella said.

The new Foreign Minister announced that he will hold a farewell meeting with US President George Bush in Washington next weekend. He anticipated he will thank Bush for what he did for Argentina in the period when Di Tella was Ambassador in Washington.

In related news, a reliable Foreign Ministry source disclosed that President Menem yesterday appointed Latin American Foreign Relations Undersecretary Raul Carignano as national representative for the Latin American Integration Association (ALADI).

Cavallo Interviewed on Economic Situation

PY0102131091

[Editorial Report] Buenos Aires Argentina Televisora Color in Spanish at 2300 GMT on 31 January broadcasts its "Key Hour" program during which journalist Mario Grondona interviews recently installed Argentine Economy Minister Domingo Cavallo.

Grondona asks Cavallo about the policies he adopted as Central Bank chairman in 1982. Cavallo explains that he had to enact daring measures to prevent hyperinflation, and he denies claims that he is impulsive. He declines to comment further on past actions and criticizes people who believe he will now adopt measures similar to those adopted in 1982 and 1989. He says these persons believe that "we economists solve our problems as if we were consulting a cookbook, always using the same recipes."

Cavallo emphasizes that the Argentine people have been financing a huge public deficit for dozens of years, "sometimes by contracting internal debts, sometimes by contracting debts abroad, and, when we could no longer get credit, resorting to printing money." He says these policies led the country into hyperinflation. He praised former Economy Minister Erman Gonzalez for skillfully overcoming the situation.

Grondona then comments on President Menem's invitation to former Central Bank Chairman Mario Alemann to head the Central Bank, which he declined, and Roque Fernandez' decision to accept the position. He asks Erman Gonzalez about exchange rate policy and whether it is better to flood the market with dollars without announcing it, as Alemann used to do, or to establish ceilings and let the people know when the Central Bank will start selling or purchasing dollars to control the exchange rate. Cavallo states that he believes it is better to let the people know whether the Central Bank is going to purchase or sell, and at what price, to prevent speculation and corruption. "If we announce that the Central Bank will purchase dollars when the rate is 9,000 australes or less, and sell when it reaches 10,000 or more, all brokers will have the same information before the market opens, and they can work with more clarity."

Grondona asks if the price of dollars will go up as a result of this policy. Cavallo explains: "If the dollar reaches the ceiling established by the Economy Ministry, the Central Bank sells dollars and absorbs australes, thus reducing liquidity and forcing the dollar price down." Grondona then asks if the inflation rate will increase. Cavallo agrees that "the inflation rate will go up for one or two months and then quickly go back down, and in a few months it will become stable."

Cavallo also says there will not be any surprises or unexpected measures, noting: "No one has mentioned the possibility of increasing taxes, quite the opposite. We intend to implement more effective tax collection and to prevent tax evasion."

Grondona and Cavallo then discuss political aspects of Cavallo's installation as economy minister, certain measures adopted by previous economy ministers, and Cavallo's advice to them at the time. Grondona asks Cavallo if he was surprised at President Menem's invitation, although he has always been preparing himself to take the position of economy minister. Cavallo says that he was surprised because "in the last 18 months my mind has been 100 percent concentrated on international policy issues and foreign policy."

Grondona concludes the interview by asking Cavallo if he will deceive the Argentine people as many other politicians have. Cavallo says: "I will do my best not to deceive President Menem and to enable him to fulfill the promise he made during his electoral campaign: that in two or three years the situation will be going through a sustained change. I will do my best not to deceive the Argentine people and the president who trusted me. I hope God and the people will help me to do so."

At 2343 GMT, Argentina Televisora Color begins the third segment of its program with a short poll. The first question is on the people's opinion about Minister Cavallo's moral image: 52 percent believe the image is favorable, 20 percent unfavorable, and 28 percent of the people had no opinion. The second question asks

whether the people believe the economic situation will improve with Cavallo as economy minister: 17.5 percent of the people believe the situation will improve, 30 percent believe it will become worse, and 52.5 percent of the people believe the situation will remain the same.

Defense Minister Installed, Views Privatization

PY0202001291 Buenos Aires TELAM in Spanish 2109 GMT 1 Feb 91

[Excerpt] Buenos Aires, 1 Feb (TELAM)—New Defense Minister Erman Gonzalez was installed today by outgoing Minister Guido Di Tella in accordance with the cabinet reshuffle ordered by President Carlos Menem.

Once installed, Erman Gonzalez delivered a speech in which he confirmed that the privatizations in the area of the Armed Forces will continue. He also made it clear that the funds from the privatizations will be returned to the Armed Forces through the national budget to buy new equipment and finance their reorganization.

Gonzalez was sworn in during a ceremony in the Defense Ministry. He emphasized that dialogue among the Armed Forces is the first requirement to plan the ways and means needed to achieve the great objectives proposed by the national government in this area.

Gonzalez pointed out that the controversy when he was economy minister must be clarified. It was said that he wanted all the funds from the Armed Forces privatizations sent to the national treasury and that the Armed Forces allegedly opposed that idea.

He explained that the funds from the privatization of assets of the companies of the defense area will be used through the national budget to buy new equipment and to reorganize the Armed Forces. He added that the same policy will be implemented for the other areas. [passage omitted]

Bolivia

Labor Federation Rejects War, Supports Iraq

PY0102231091 La Paz EL DIARIO in Spanish 16 Jan 91 p 4

[Text] The Bolivian Labor Federation, COB, has sent two telex messages, one to the Iraqi Government and the other to the United Nations expressing its total rejection of the war and its support for the Iraqi cause. The telex sent to the Iraqi Government says: "The Bolivian Labor Federation, COB, on behalf of the Bolivian workers and people, expresses its complete solidarity with the Iraqi people for their firm position of rejecting the intervention by the U.S. and allied forces in the Persian Gulf."

The document also strongly condemns the U.S. Government which, in its desire to maintain its control over the world economy, does not care about sacrificing millions of lives, not just from the Arab countries but from the entire world and taking humanity to the brink of a holocaust of unpredictable magnitude.

The message sent to the Iraqi Government concludes by saying: "In view of this situation we demand from the parties in conflict a negotiated solution that will guarantee peace in the world."

The telex to the United Nations says: "The Bolivian Labor Federation, on behalf of the Bolivian workers and people, expresses its real concern in view of the worsening conflict in the Middle East and over the intransigent positions of the parties in conflict."

The document adds that if this situation continues, the whole of humanity faces the serious risk of being dragged into a holocaust of unpredictable magnitude. The COB demands, from the parties in conflict and from the United Nations, a greater effort in the search for a negotiated solution that will guarantee peace in the world.

The telex to the United Nations concludes by saying: "We demand the lifting of the economic and commercial blockade imposed on the Iraqi people because it creates hunger and death among Iraqi women, children, and the aged."

Armed Forces on Chilean Border Marker Problem

PY0402025091 Madrid EFE in Spanish 1654 GMT 1 Feb 91

[Text] La Paz, 1 Feb (EFE)—The Bolivian Armed Forces have requested that the country's Foreign Ministry ask the Chilean Government to correct the border markers between the two countries. The borderline was altered when border markers between the 29th and 30th boundary posts were moved in the Pisiga region.

Announcing that he had sent a technical report to the Foreign Ministry after the border was inspected last week, General Jorge Moreira said: "Some of the border markers have been moved approximately 1 km into the country along the border."

"In some places the border markers have been moved, and in others the border posts and other markers have disappeared," Moreira said. He also indicated that the report will "make known in a detailed manner the problems that have emerged in the region, thus allowing the pertinent claim to Chile."

The military document recommends the building of intermediate border markers between the border posts and a periodic inspection of Bolivia's borders with Chile, Brazil, Peru, Paraguay, and Argentina by the Border Commission and the Military Geographic Institute.

Authorities from the two countries admitted this week that there are border problems, and Chilean and Bolivian campesinos that traverse the unclear borders agree there is a need to find a solution.

Chile and Bolivia interrupted diplomatic relations in June 1978 when attempts to resolve the border problem, which has been an issue since the two countries went to war in 1879 and Bolivia lost its coastline, failed.

Armed Forces Report New Military Assignments

PY0102163091 La Paz PRESENCIA in Spanish 15 Jan 91 p 12

[Summary] The Bolivian Armed Forces have released the lists of transfers and promotions in the Army, Navy, and Air Force.

The new Army command is made up of the following officers: General Guido Sandoval Zambrana, Army commander; Division General Oscar Escobar Quiroga, Army chief of staff; Division General Oscar Vargas Lorenzetti, Army inspector general; General Moises Chiriki Bejarano, chief of the First Department, personnel; General Franz Rosich Cisneros, chief of the Second Department, intelligence; General Hernan Lara Paravicini, chief of the Third Department, operations; General Carlos Macias Kraljevic, chief of the Fourth Department, logistics; General Guillermo Aguirre Palma, chief of the Fifth Department, psychological operations; and General Oscar Roca Mejia, chief of the Sixth Department, planning.

Also, General Renan Reque Savalegue, general commander of Military Institutes; General Viterman Ruiz Baldiviezo, commander of the 1st Army Division in Viacha; General Luis Genio Oropeza, commander of the 2d Division in Oruro; General Hernan Avila Leaplaza, commander of the 3d Division in Villamontes; General Carlos Casso Michael, commander of the 4th Division in Camiri; General Walter Villarroel Kirwutt, commander of the 5th Division in Robore; General Carlos Morales Murillo, commander of the 6th Division in Trinidad; General Victor Vargas Salgueiro, commander of the 7th Divison in Cochabamba; General Emilio Lanza Armaza, commander of the 8th Division in Santa Cruz; General Carlos Cardenas Salinas, commander of the 9th Division in Rurrenabaque; and General Edmundo San Martin Ballivian, commander of the 10th Division in Tupiza.

The Navy Command is made up of the following officers: Vice Admiral Rolando Herrera Alba, Navy commander; Vice Admiral Miguel Alvarez Delgado, Navy chief of staff; Rear Admiral Julio Molina Padilla, chief of the First Department, personnel; Captain Manuel Sanabria Morales, chief of the Second Department, intelligence; Captain Freddy Menacho Rivero, chief of the Third Department, operations; Captain Adolfo Guiller Tejada, chief of the Fourth Department, logistics; Captain Luis Daza Montero, chief of the Fifth Department, administration; and Captain Abelino Rivero Parada, chief of the Sixth Department, training.

Also, Captain Alfredo Jimenez Frankel, commander of the 1st Naval District; Captain Eduardo Jimenez Flores, commander of the 2d Naval District; Captain Jorge Velasco Bejarano, commander of the 3d Naval District; Captain Juan Carlos Andrade Mallea, commander of the 4th Naval District; Captain Hugo Rivero Chavez, commander of the 5th Naval District; Captain Mario Claure Blanco, commander of the 6th Naval District.

Air Force Commander General Alejandro Camponovo Ulloa has installed Brigadier General Dardo Gomez Garcia as the new commander of the 1st Air Brigade stationed in El Alto. The new department chiefs are: Brigadier General Freddy Angulo Urquidi, chief of the First Department; Brigadier General David Valdivia Camacho, chief of the Second Department; Brigadier General Fernando Sangines Yanez, chief of the Third Department; Brigadier General Freddy Carazas Asturizaga, chief of the Fourth Department; Brigadier General Carlos Montero Vasquez, chief of the Fifth Department; Brigadier General Jaime Rojas Villarroel, chief of the Sixth Department; and Brigadier General Jose Pantoja Sotelo, chief of the Seventh Department.

Brazil

Economic Team Gives Details of New Measures

PY0102175091 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 31 Jan 91

[News conference by Economy Minister Zelia Cardoso de Mello, Central Bank President Ibrahim Eris, and Economic Policy Secretary Antonio Kandir with reporter Alexandre Garcia, among others, in the Economy Ministry conference hall in Brasilia—live]

[Excerpt] [Garcia] The president approved these economic measures last Tuesday when he met with the economic team. Everything remained secret. There has been hardly enough time to finish up the measures and to take advantage of the fact that the bank holiday of Friday will add to Saturday and Sunday, so as to lead into a new financial life on Monday.

I have just spoken with presidential spokesman Claudio Humberto who told me the following: According to the president's understanding, nothing has changed essentially in the economic program, which has merely been intensified. The only concession granted by these changes is: what in practice will constitute a price freeze; and what has been called a price and salary truce, but which in practice is a freeze. The president thinks that these measures will allow a real salary increase.

We are here with Central Bank President Ibrahim Eris and with Economic Policy Secretary Antonio Kandir. The first question, Mr. Kandir, and only to calm the people who are listening to us: What will happen to the savings accounts?

[Kandir] We are making a change that, essentially, will alter the practice of the financial system and the practice of indexes. It is really an intensification of the Collor plan where the important thing is to eliminate the cause

of 1990 problems: the existence of adjustment indexes and BTN's [National Treasury bonds]. All this made the economy very fragile.

We are now simply doing the following. There will no longer be different currencies. There will no longer be adjusted cruzeiros, or BTN's; only the cruzeiro will exist. The BTN and the set of indexes are absolutely extinct. Transactions may be made only in cruzeiros. All transactions and debts will now earn interest.

Besides this, there is an essential change in the financial system, which is to create the conditions for something that has been absolutely essential in these past years: the creation of a long-term credit system. The financial merry-go-round, the overnight market, will no longer exist. Now there will be an organized financial system to raise funds for social projects and economic investments. This is why it was necessary to declare a price truce so as to make these two essential changes possible; that is, the end of the indexation of the economy at all levels and the creation of a financial system to make economic growth possible.

[Garcia] The overnight market is extinct as you and Minister Zelia have said. What does that mean exactly?

[Kandir] It means that the daily operations of the financial system will be made only to finance a general fund that will serve to make investments. That is, if today you want to invest money for a few days you will have the option to buy shares from a great fund to finance development.

[Garcia] Mr. Ibrahim, could you summarize all the measures which went into effect today?

[Eris] I will try. First, let me clearly answer your question. There has been no modification in the savings accounts or in overnight investments since all investment earnings will be at disposal of the public as of next Monday. There will be no new witholding of funds or anything of the sort; this must be clear.

[Garcia] Those who made overnight market investments will earn less interest. Is that it?

[Eris] Not necessarily; it depends on the market interest rates. Everything will be calculated based on the market interest rate. What we are really doing is totally eliminating the indexation of Brazilian economy, including the financial system, through the extinction of—as Kandir has said—the BTN, BTNF [fiscal National Treasury bond], or similar things such as the PC [consumer price index], etc. From now on all investments will normally earn interest rates as in any other country of the world; that is, an interest rate determined by the market.

In the case of savings accounts, we will establish a rule for earnings based on what we call a reference index which will be obtained by market research on specified dates that will be determined later. We will then add 6 percent.

[Garcia] It will be the average market interest rate.

[Eris] Yes, the average market interest rate, so as to make savings accounts competitive with other investments.

Second, there will be a transformation in the financial market in the allocation of funds for different sectors, different kinds of loans, etc. There will also be no major changes in the investments by the public in general. We are extinguishing the overnight market—understood as very short-term investment market directly operated by the banks which promises to pay earnings on the following day, etc.

[Garcia] What will happen?

[Eris] We are forming funds that will be administered by banks and financial firms. Anyone wishing to make short or long term investments may do so in the banks and financial firms. Beside the savings accounts, CDB [Bank Deposit Certificate], etc., we will also have an investment that will be called [word indistinct], a fund, and this fund will attract the savings of the public in general. This fund will invest in federal, state, and private securities.

Beside this, there are two new factors: the fund will make an obligatory investment in special projects which will be examined by the Economy Ministry in keeping with the Industrial Competitiveness Program, and there will be a second obligatory investment in social projects that will be selected by an advisory council with the aid of experts from the National Savings Bank.

Short term investments will from now on be applied on various funds that will be administered by several financial institutions, and such investments will be better used. We are using this short-term investment system to create a long term financing for social and economic development programs.

[Garcia] Mr. Kandir, what does a price and salary truce mean?

[Kandir] It means the following: all prices will be controlled by the Economy Ministry and as of this moment they must remain at the level they were on 30 January—not at credit-card prices but at real cash prices. In other words: for the time being, all prices will remain at the level of cash prices effective on 30 January. Thus, if the price of an item was 100 cruzeiros as a credit-card sale but 50 cruzeiros for cash, its price will remain at 50 cruzeiros for the time being.

[Garcia] All prices?

[Kandir] All prices, without exception. This is a temporary measure. As soon as the Economy Ministry feels that the appropriate conditions have been created for the changes we are introducing—which are basically the end of the indexation of the economy, the creation of a financial system for long-term financing, and all the structural changes that we will later explain in detail

—the Economy Ministry will analyze the market conditions to see if prices can be freed.

As for salaries, what basically happened is the following: We analyzed the real purchasing power of salaries during a recent period, and all salaries have been updated for February. That is, the real purchasing power of salaries of the last 12 months were examined, and they will remain at that level [as heard], and as of this moment a work group will be empowered by the president to prepare a draft bill in 45 days to institute a collective labor bargaining proposal that will include free bargaining, workers' participation in company profits, and workers representation in the companies.

Within 45 days the government will send to Congress this draft bill and they will examine it a very short time—we hope that Congress will examine it within 45 days—so that on 1 May the president will be able to proclaim a new law that will definitively discipline and modernize capital and labor relations. On 1 July, which will be the first collective bargaining date base, the first great national free labor bargaining will be held. This means that there will be two base dates, one in January on which the non-economic clauses will be discussed, and another in July on which all economic clauses will be discussed.

Regarding the minimum salary, it will be based on the family basket index of January, which was about 21 percent, plus a 6.09 percent real increase. This means that the prevailing minimum salary as of February has been set at 15,849 cruzeiros.

As for house rents and school fares, we have established a set of rules which will make them compatible with the price truce system.

[Garcia] Mr. Ibrahim Eris mentioned the elimination of the UPC [standard capital unit of the national housing bank]. What will happen to those people who have obtained loans from the housing financial system?

[Kandir] All financial transactions that were indexed, such the BTN, and the BTNF etc., will be subjected to new rules based on an interest reference rate so that all investments, debts, and raising of capital will be proportionate. The truth is that it will not detriment either the investors or those who [words indistinct].

[Garcia] Does this mean that the adjustment of the installments on housing loans will be based on an average interest rate?

[Kandir] School fees?

[Garcia] No, the installments on housing loans?

[Kandir] Yes, that is right.

[Garcia] Mr. Kandir, prices were frozen on 30 January and you have said that the salary policy will be modified on 1 May if Congress approves the government's proposal. Does mean that salaries will remain frozen until 1 May?

[Kandir] No, salaries will be updated. They were already updated for February to restore their purchasing power. In nominal terms, minimum salaries were adjusted by an average 25 percent. In other words, taking the various salary brackets into account, salaries were increased an average of 25 percent for February. Thus, we have ruled on salaries and February prices so as to establish all values, not just those regarding salaries but all economic values at a stable level coherent with prices, all of which are expressed in cruzeiros. We will thus be able to get rid of the indexation system. From now on all debts will pay the same interest rate for all financial obligations. All goods and services will be transacted in cruzeiros as is current practice. No goods or services can be charged in another currency. In sum, all values, that is salaries, housing, school fees, are adjusted and expressed in cruzeiros. The indexation system is being eliminated and every debt will pay interest, that is all.

[Garcia] Are the prices of services also frozen?

[Kandir] All goods and services, all contracts remain at their 30 January level.

[Garcia] Does this go for physician, dentist fees too?

[Kandir] For everything. Moreover, physicians and dentist fees will now be charged only in cruzeiros. They are forbidden to charge their fees in BTNs. Many got into the habit of using the BTN system. From now on there will be no more deals in BTNs. The BTN system has been eliminated and its use will be severely punished.

[Garcia] Does this mean that all February salaries will include the 25 percent increase?

[Kandir] Not all of them. This must be clearly understood. We have different base dates on which salaries are negotiated. This means that the salary adjustment of each group of workers is subject to a different rule—which we can explain later on. Some groups will have a larger or smaller adjustment, depending on the previous adjustment. The average adjustment will be 25 percent.

[Garcia] Is the government also implementing a drastic utility rate adjustment today? Are utility rates and fuel prices being increased?

[Kandir] We are increasing utility rates. To give you an overall idea, this measure is part of a package of measures. We have some structural changes that will consolidate the Collor Plan. Unfortunately this plan suffered a series of difficulties that accelerated inflation because our economy still had some fundamental weaknesses, such as the indexation system and the way in which the financial system operated. We had to wait some time before being able to make these structural changes. In order to make these structural changes we needed to implement this price truce along with another two packages of measures. First, a package of measures in the

fiscal and monetary field that seek to guarantee fiscal and monetary discipline. This should be made clear: the main short term purpose of the Collor Plan, which is to streamline the fiscal and monetary policy, is now being reinforced. It is important that the fiscal and monetary instruments are not altered during the truce period. The package will thus contain effective fiscal measures that will restrain the expenditure of public enterprises, which will have to reduce their costs by 10 percent. Moreover, various government expenditures are being withheld. To round off the fiscal aspects of this package there will be an overall adjustment of utility rates, [words indistinct], etc. The plan also has a social aspect. On one hand it intends to secure funds, through this reform of the financial system, for social programs. Social programs have always existed but were never financed from non-inflationary sources. We are going to raise funds for the social sector. In addition, we are currently instituting a securities fund as a way to create the necessary conditions to encourage the construction industry and the creation of job opportunities. In other words, this will be a democratic way to own securities through the securities fund which in turn will help create job opportunities, especially in the construction sector.

[Garcia] When I asked you about utility rates I wanted to know whether the 40-percent increase on fuel prices today has been confirmed?

[Kandir] It is confirmed. In fact, fuel prices will increase by 46 percent as of today.

[Garcia] That means that fuel costs 46 percent more as of today. [passage omitted]

Chile

Aylwin Denies Cabinet Reshuffle; Extending Term

PY0102213491 Santiago Radio Nacional de Chile Network in Spanish 1600 GMT 1 Feb 91

[Relay by Graciela Contreras from La Moneda Palace]

[Text] President Patricio Aylwin today denied that some of his ministers may resign next March. On the contrary, Aylwin expressed his full support for the Cabinet.

President Aylwin also made it clear that he does not seek to extend his presidential term. On the contrary Aylwin believes that the presidential term should be shorter, either five or six years and not eight years [as specified in the Constitution]. He said:

[Begin Aylwin recording] I do not intend to extend my presidential term. I was sworn in for a four-year term and I believe that if I fulfill my duties satisfactorily I will have done my job. I do not seek any changes. What the government has said is a very different thing. The government has said that the eight-year presidential term established in the Constitution is, according to many people and myself, very long. I personally believe that the presidential term should be about six years, five or six years.

Therefore, the constitutional amendment which the government will submit at the appropriate time will probably make proposals in this regard, but for future presidential terms not for my term. [end recording]

Aylwin pointed out that he believes that in four years he will be able to do his job, thus reiterating that he does not seek to extend his term. Asked about the possibility of his reelection to the presidency, Aylwin described it as absurd. Aylwin made this comment at the conclusion of a ceremony during which he promulgated the law which creates the National Youth Institute.

Aylwin, Pinochet Hold Unscheduled Meeting

PY0102203291 Santiago Radio Chilena Network in Spanish 1600 GMT 1 Feb 91

[Relay from Government House by Graciela Contreras]

[Text] This morning Army Commander General Augusto Pinochet and President Patricio Aylwin held an unscheduled meeting at the president's residence.

At the end of the meeting, which obviously aroused the media's interest, General Pinochet was asked what subjects had been discussed. Here is part of the dialogue between journalists and the Army commander.

[Begin recording] [Passage indistinct]. [Unidentified reporter] Have you talked about the report by the Rettig Commission [the truth and reconciliation commission]?

[Pinochet] No, young lady. We only discuss problems related to the corps of generals.

[Reporter] [Passage indistinct]. [end recording]

Pinochet denied that they had discussed his possible resignation as commander in chief of the Army.

President Aylwin ratified the subjects raised during this morning's meeting by stating:

[Begin Recording] [Aylwin] The general had a specific problem related to the Army which he wanted to discuss with me.

[Reporter] Of an administrative nature?

[Aylwin] An administrative problem.

[Reporter] Mr. President, did you discuss the upcoming Rettig report with the Army commander?

[Aylwin] No, we did not talk about it.

[Reporter] Did you discuss subjects related to the Rettig report?

[Aylwin] No. I only confirmed what I have told him on previous occasions. That is, that once I receive the report

and analyze it, I will inform the commanders in chief of the armed institutions about its contents before disclosing it to the country. I will do the same thing with other Chilean authorities.

[Reporter] When will you disclose your decision regarding Dignidad Colony?

[Aylwin] I have already made my decision and it should be disclosed today.

[Reporter] Does it refer to the colony's legal status?

[Aylwin] You will soon know. [end recording]

Today a high ranking source at La Moneda Palace said that the government has allegedly decided to strip the Dignidad Colony of its legal status. The same source added that the government's decision regarding this colony, which is near Parral and which is inhabited by German citizens will be disclosed during a news conference to be held by Interior Minister Enrique Krauss and Justice Minister Francisco Cumplido at 1700 this afternoon.

It should be pointed out that several congressmen have requested that the legal status of the colony be removed.

Clandestine Arsenal Case Defendants Sentenced

PY0202000091 Santiago Radio Nacional de Chile Network in Spanish 2200 GMT 1 Feb 91

[Text] The Santiago military judge has sentenced the last five criminals to be tried in the so-called arsenals case, which investigated the clandestine introduction of tons of weapons and explosives in Carrizal Bajo area of the Third Region in 1986.

They were sentenced for having cladestinely introduced weapons in the national territory and for being members of paramilitary groups.

Those sentenced are: Nelson Ascencio Pardo for 12 years, Mario Heydes for 12 years, Victor Molina Donoso for 17 years, Abelardo Moya Toro for 17 years, and Emilio Vargas Manzur for 12 years.

The defendants have all appealed to the court martial.

Colombia

Communique Issued on Murder of Marina Montoya

PA0102140191 Bogota Radio Cadena Nacional in Spanish 1214 GMT 1 Feb 91

[Text] President Cesar Gaviria Trujillo's government has strongly condemned the murder of Marina Montoya de Perez and demanded the prompt release of the journalists and other persons who are still being held.

An official communique states the Colombian Government's solidarity with the family of Montoya, a sister of former Presidency Secretary General German Montoya.

The communique from the Presidency reads as follows:

The national government wishes to state its deep regret and outrage over Marina Montoya de Perez' murder, carried out by the narcoterrorists' paid assassins.

The Colombian people are in solidarity with the Perez Montoya and Montoya Velez families in this painful hour, brought on by the inhuman and cruel sacrifice of such a respected lady.

The government echoes the citizens' outcry and demands the release of the journalists who are still being held, and of all the persons who have been kidnapped in Colombia.

ELN Attempts Hijacking at Airport in Antioquia

PA0102183791 Mexico City NOTIMEX in Spanish 1755 GMT 1 Feb 91

[Text] Bogota, 1 Feb (NOTIMEX)—Authorities have reported that guerrillas occupied the Turbo airport in northwestern Antioquia today, tried to hijack a plane with 20 passengers aboard, and cut communications.

The situation is unclear because the ELN [Army of National Liberation], guerrillas took over control of the airport and have cut communications lines, according to the RCN radio station.

The Colombian ACES Airlines plane with registry No. Hk-3538 managed to take off despite being surrounded by guerrillas. Minutes later it landed safely in Medellin.

According to initial reports, the guerrillas forced the airport employees at Turbo, 500 km north of Bogota, to leave the installations.

Medellin airport officials reported that there are no communications with the Turbo airport. Therefore, it is impossible to obtain reports as to what really happened.

Oil Pipeline Destroyed in El Cesar Department

PA0402022191 Bogota Inravision Television Cadena 1 in Spanish 0132 GMT 4 Feb 91

[Text] The Barranca-Pozo Colorado oil pipeline was blown up with dynamite on 3 February about 2.5 km from El Copey, El Cesar Department. The fire that followed has been put out. According to the authorities, the attack was staged by the FARC [Revolutionary Armed Forces of Colombia].

M-19 Returns Bolivar's Sword to Authorities

PA0202025891 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 31 Jan 91

[Text] The sword of liberator Simon Bolivar is being surrendered at this hour in Colombia. Since the attack on Bolivar's estate in 1974, the sword has been passed from commander to commander of the former rebel group the M-19 [April 19 Movement].

Antonio Navarro Wolff, the political leader of that organization, managed to recover the historical piece through several efforts, including newspaper advertisements.

The sword that the liberator brandished in his struggle for the consolidation of the greater Colombia was stolen from Bolivar's estate on 17 January, 1974. According to the M-19, the historical weapon would become the symbol of its clandestine armed struggle aimed at making the weak stronger.

The fact that the M-19, after 19 years, has decided to return the missing sword means several things; first, the M-19 is rejoining civilian life; second, it is fulfilling its commitment to the country at the time of its demobilization; and last, it now has seats in the Constituent Assembly, which will modify the Constitution. There has been all kind of speculation regarding where the sword was located. Nothing, however, led to the truth. First, it was said that the the sword was being held by Fidel Castro in Cuba, but the leadership of the M-19 denied these reports. Then, last year, somebody from [words indistinct] delivered it to Senator Pablo Victoria, who staged a heated debate at Congress.

This particular sword, which turned out to be a fake, however, did not cost Navarro Wolff his post. The last report about the sword, which was also denied, came from the Simon Bolivar National Guerrilla Coordinating Board, which said that Carlos Pizarro had them the sword two days before he was murdered.

Today, the moment of truth has finally come. The sword is no longer missing.

People's Liberation Army To Disarm 1 Mar

PA0102032091 Bogota Inravision Television Cadena 1 in Spanish 1744 GMT 30 Jan 91

[Text] While the mechanisms to decide the peace accords with the National Coordinating Guerrilla Board are being sought, the People's Liberation Army [EPL] has concluded its demobilization. The EPL will disarm on 1 March. The peace accord will be made official on 8 February.

A cockfighting ring was the scenario for the most recent meeting between the government and the guerrillas. The participants did not trust each other initially regarding the signing of the accords. The conclusion was reached that the guerrillas were asking for too much and the government offered too little.

Jesus Antonio Bejarano and Tomas Concha represented the government, and Bernardo Gutierrez, Marcos Jara, and Jaime Fajardo, represented the EPL for the first time, and without the presence of international supervisors. There were many points of disagreement. When the dialogue continued with the presence of Bishop Emilio Estevez and Manuel Medina of the Spanish Socialist Party as supervisors, things changed.

[Begin presidential adviser Jose Antonio Bejarano recording] The EPL has confirmed its determination to surrender its weapons on 1 March. A monument will be erected in Medellin. Weapons will be surrendered simultaneously at the EPL camps. [end recording]

With today's accords, the EPL took a step toward peace. It is now the government's turn to make good on its word.

Ecuador

Presidential Decree Orders Doctors Back to Work

PA0102214491 Quito Radio Quito in Spanish 2300 GMT 31 Jan 91

[Text] The president of the Republic has signed a decree ordering doctors and all health workers to return to work immediately. This was announced by Rodrigo Rangles, press secretary of the presidency. He said that the doctors who disobey this decree will be dismissed immediately from their posts and penalized according to the law.

[Begin recording] [Rangles] The president has just signed a decree whereby doctors, paramedics, health workers, and all personnel related to the state medical services are obliged to return to work. This decree means that doctors who disobey this government decree will be dismissed immediately and penalized according to the law. The president had to take this action because of insensitivity on the part of the doctors, and particularly a group of leaders of the doctors, who persisted in maintaining this illegal strike which they began more than 52 days ago. The strike has prevented people, especially from the neediest sectors, from receiving medical care.

Regarding the demands raised by the doctors in the past, the government has proposed several resolutions. First, it will submit a constitutional amendment whereby at least 20 percent of the state budget will be dedicated to the health sector. Also, the president ordered a salary increase of approximately 50 percent for all doctors, nurses, odontologists, and all personnel who work in health centers and a similar amount for students who have the privilege of practicing in the hospital centers. [end recording]

Students Support Doctors

PA0402043691 Quito Radio Quito in Spanish 2300 GMT 1 Feb 91

[Excerpt] The students today took to the streets to protest the government decree issued last night. At the School of Medicine, the students also demonstrated in solidarity with the doctors who are on a strike and are against the government measures ordering the doctors back to work.

Sergio Salazar, a member of the strike committee, said that the doctors will continue their strike despite the

president's order. He said that the issuance of the decree shows the president's inability to solve the problems of the nation's health sectors, which have been on strike for more than 50 days.

He said that although the nation's hospitals and health centers have been militarized, the doctors will continue their strike. He said that the police and soldiers have evicted the doctors who were working at the hospital.

He said that during their strike they have been attending to emergency cases. [passage omitted)

Access to Hospitals Ensured

PA0202025791 Quito Radio Quito in Spanish 2300 GMT 1 Feb 91

[Excerpt] This morning the national police opened the doors of the city's hospitals and removed the doctors, interns, and nurses who have been on strike for over 50 days. Health Minister Dr. Plutarco Naranjo said that the measure was taken to allow the doctors who wish to work to freely enter the health centers. He added that the removal was not violent. Naranjo advocated a dialogue and pointed out that the workers must resume their responsibilities.

[Begin recording] [Naranjo] No one was removed violently. The police actually had guards at the hospital entrances to allow patients, health professionals, and people in general to freely enter and exit such facilities. Therefore, there has been no eviction; quite the contrary, what we really want is for all hospital personnel to continue working. [passage omitted] [end recording]

Drop in Oil Prices Affects Government Revenues

PA0202144091 Paris AFP in Spanish 2342 GMT 31 Jan 91

[Text] Quito, 31 Jan (AFP)—The decline in the price of Ecuadoran oil has interrupted, at least for this week, the growth of a stabilization fund that was being fueled with the surplus obtained from the sale of hydrocarbons.

The 1991 national budget established an average price for crude oil of $17, and the additional income would be deposited in a special account called the stabilization fund. The purpose of this fund is to avoid the possible drop in the price of crude oil.

Ecuador produces 290,000 barrels daily, of which some 155,000 barrels are exported. In 1991, this exported amount would have financed somewhat more than 40 percent of the national budget.

According to the Ministry of Energy and Mines, the average price of crude oil has declined from $31.39 a barrel in October 1990, to $17.035 on 25 January for buyers from the Gulf of Mexico and $16.035 for buyers from the Pacific. On 28 January, oil was quoted at $16.961 and $16.355, respectively; on 29 January, $16.623 and $16.215; on 30 January, $16.359 and $15.835.

If the downward trend continues, this would be equivalent to suspending the growth of the stabilization fund. There is also the possibility that it might be reduced after the measures by the industrialized countries take effect, which include using part of their strategic reserves in order to satisfy the demand.

As of the end of December, the stabilization fund counted some $230 million, and contrary to what the local authorities predicted, the price of oil did not shoot up as a result of the war in the Gulf.

Anyway, there are expectations with respect to the solution of the conflict in the Persian Gulf. The potential damage that might be caused to the petroleum infrastructure of other countries besides Iraq and Kuwait could result in a decrease in the supply of oil and an increase in prices.

Government and Justice Minister Cesar Verduga emphasized the moderation with which the government acted in not using the excess profit, as certain sectors of the economy were demanding. This will allow the goverment to keep the national economy stable.

In addition, fluctuations in the price of crude oil have paralyzed the negotiations of the external debt for $5.4 billion with private banks, since the country does not know for certain the resources it will have. This includes $1.2 billion in unpaid interest that has been under negotiation for the past two years.

Meanwhile, the government can only afford to pay $130 million monthly, which is equivalent to 30 percent of the interest.

Paraguay

Two Stroessnerist Militants Arrested 31 Jan

PY0102144691 Asuncion ABC COLOR in Spanish 1 Feb 91 p 17

[Text] Martin Chiola and Bader Rachid Lichi, leaders of the militant faction [of the Colorado Party], were detained yesterday in different parts of San Pedro Department and taken to Police Headquarters, where they are now being held.

Chiola was detained in the town of Santani after participating in a meeting organized by the Republican National Movement, an outgrowth of the Stroessnerist militant faction. Rachid Lichi was arrested in the town of Tacuara, 6 km from Santani, as he traveled to the same meeting.

Police Chief General Francisco Sanchez Gonzalez has confirmed the detention of these two persons. Regarding the reasons, he said: "You know the situation; it has been

mentioned on more than one occasion. They (the militants) are still not allowed to participate in politics. The coup d'etat was carried out precisely against what they did in our country. It is an offense to all the people that they want to become politically active on the eve of the second anniversary of the coup."

Sanchez rejected the idea that the arrests were related to the recent visit of former dictator Alfredo Stroessner to the Brazilian city of Foz do Iguacu. He added that the detainees will be released as soon as he has had a "talk" with them.

Victoria Rachid, wife of Bader Rachid Lichi, has stated that the arrest of her husband is a conspiracy. "I do not understand this, because on 26 January he accompanied [Luis Maria] Argana on the same plane to participate in a political meeting in Concepcion, and they also were in [the department of] Misiones," she said.

U.S. Said Sponsoring Anti-Colorado Campaign

PY0202122491 Asuncion HOY in Spanish 2 Feb 91 p 13

[By Juan Jose Brull]

[Excerpts] Pilar—Luis Maria Argana, acting chairman of the National Republican Association [Colorado Party], charged here yesterday that there is a campaign for "an alleged alternation" of power being sponsored by the U.S. Embassy in our country. He said the objective of the campaign, which is being implemented by economic groups, is to move the Colorado Party out of the government. He added that it is necessary to adjust the current electoral code and once again rejected the pressure being exerted by "government sectors."

Argana addressed a group of Colorado Party leaders at the local party precinct at noon yesterday. He said: "There is obviously a campaign—which is being implemented particularly by powerful economic groups seeking to smear the Colorado Party—that supports a supposed alternation of power, and it is said that the campaign is being sponsored by the U.S. Embassy."

Argana, who categorically refused to talk to reporters after making the speech, said an alternation of power is very good but it should not be enforced "to prevent a majority party from governing a nation." In light of this campaign, he said efforts should be made to strengthen the party, uniting Colorados. [passage omitted]

In his speech, which lasted approximately 30 minutes, Argana repeatedly said that the Colorado Party is in the majority and that it has done "much" for the country. He reiterated his desire for the unity of Colorados.

"We should strengthen our party so it can remain in power," he said.

He complained about politicians being discredited recently. "There is an attitude of contempt for politicians and for politics, suggesting that all politicians are opportunists. We should restore the noble and high concept of politics," he said. [passage omitted]

Rodriguez on Coup Anniversary, U.S. 'Campaign'

PY0302232091 Asuncion HOY in Spanish 3 Feb 91 p 12

[Text] President Andres Rodriguez said yesterday afternoon that he is pleased with his achievements over the past two years of government after overthrowing former General Alfredo Stroessner on 2 February 1989.

The chief of state made this statement after a ceremony at the "Colonel Valois Rivarola" First Mechanized Cavalry Regiment in Pozo Colorado in the Paraguayan Chaco region.

Assessing the achievements of his presidency, Rodriguez said that "in the fields of economic, social, foreign, and political affairs, I am satisfied with having achieved all that we did. I cannot ask for more, although we wish we could do more."

Rodriguez referred to the need for cooperation from citizens in all social, political, and economic sectors "because the president alone cannot achieve the happiness of a developing country. We all need everyone's help, help from Paraguayans and foreigners who live in our territory."

President Rodriguez also recognized that his government has received cooperation from one sector of the national citizenry, while another sector "has perhaps not been able to cooperate because it has not understood our intentions and wishes, and therefore did not want to cooperate."

The chief of state, after recalling the events of the night of 2-3 February 1989, said: "All the points in the proclamation issued that night have been fully complied with." As an example, he mentioned the efforts by the Armed Forces in all parts of the country, dedicating works "for the comfort" of the Paraguayan citizens who serve under this flag, "because with these works we are giving dignity to those who are patriotically serving the motherland."

President Rodriguez expressed his desire to "attain the full unification of the great Colorado Party, because only with its unification will we be able to demonstrate its strength on the national scene."

U.S. Embassy Interference

In conclusion, Rodriguez said that he did not know about an alleged campaign of discredit being implemented against the Colorado Party at the initiative of the U.S. Embassy. "I cannot confirm nor deny this. The person who made the statement may have evidence of this, but I cannot say if the embassy may be interfering in our country's democratic transition process."

Leftist Groups Demonstrate at U.S. Embassy

PY0302202091 Asuncion ULTIMA HORA in Spanish 2 Feb 91 p 12

[Text] Another demonstration—an action that is becoming sort of a habit—was carried out last night by leftist movements, parties, and groups in front of the U.S. Embassy to protest the intervention of the multinational forces in the Persian Gulf.

About 50 activists from several groups, including the PT [Workers Party], the PDP [Popular Democratic Party], the Free Fatherland Movement, and the Popular Unity, participated in the demonstration, which took place on the sidewalk across the street from the U.S. Embassy because the police prevented the demonstrators from coming any closer. Several speakers reiterated the fact that the problems of the region need to be resolved without the intervention of countries from other regions and that a solution to the Palestinian problem needs to be discussed.

Peru

'Subversives' Attack U.S. Ambassador's Residence

PY0202121291 Lima Racio Naconal del Peru Pachacutec Network in Spanish 1205 GMT 2 Feb 91

[Text] Alleged subversives have tried to attack the residence of U.S. Ambassador Anthony Quainton, but they were quickly repelled by the police.

Explosion Damages Peruvian-British Institute

PY0202124291 Lima Radio Nacional del Peru Pachacutec Network in Spanish 1234 GMT 2 Feb 91

[Excerpt] The Peruvian-British Institute in the Miraflores neighborhood has been seriously damaged by an explosion. [passage omitted]

State of Emergency Extended in Lima, Callao

PY0202190691 Madrid EFE in Spanish 1759 GMT 2 Feb 91

[Excerpt] Lima, 2 Feb (EFE)—According to a decree published today in the official gazette, EL PERUANO, the Peruvian Government has extended the state of emergency in Lima and the port of Callao for 60 days due to "the persistence of violence in this jurisdiction."

The military command will be in charge of enforcing order in the zones affected by the measure, which suspends individual rights. [passage omitted]

Explosion Damages Kentucky Fried Chicken

PY0202192891 Lima Radio Nacional del Peru Pachacutec Network in Spanish 1907 GMT 2 Feb 91

[Text] The Kentucky Fried Chicken at block 42 of Arequipa Avenue was attacked a few minutes ago. According to the latest reports, an explosion wounded some people and caused a great deal of material damage to the facility. Members of the National Police are at the site of the attack to carry out an investigation because the German Embassy is very close to that business.

American Airlines Plane Lands Due to Bomb Threat

PY0202215291 Lima Radio Nacional del Peru Pachacutec Network in Spanish 1952 GMT 2 Feb 91

[Relay from Lima airport]

[Text] An American Airlines airplane landed safely [words indistinct] from the Pisco Air Force Base. The U.S. airplane left Asuncion, Paraguay, this morning. After a stopover in La Paz, Bolivia, the airplane—which was scheduled to land in Lima at 1030—had to land at Pisco Air Force Base due to a false bomb threat by subversives [words indistinct].

In a conversation with the press, Congressman Carlos Rojas, who was one of the passengers, said: [words indistinct] an explanation from the pilot [words indistinct]. Fortunately, it was a false bomb threat. The National Police and the [words indistinct] have announced that the airport area is being patrolled [words indistinct] to give passengers better security. The airplane, which is carrying 148 passengers, will be leaving for Miami in a few minutes.

MRTA Responsible for Lima Bombing, Bomb Threat

PY0302004891 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2245 GMT 2 Feb 91

[Text] Lima 2 Feb (AFP-NA)—The police have reported that 12 people were wounded today when a Tupac Amaru Revolutionary Movement (MRTA) commando used dynamite to destroy a Kentucky Fried Chicken restaurant, one of a chain of U.S. restaurants, in a protest against the Persian Gulf War.

At the same time, the MRTA forced an American Airlines flight that originated in Asuncion to make an emergency landing at Pisco Air Force Base, 240 km south of Lima, by threatening to blow up the plane at the Lima airport, the source said.

The MRTA has begun a wave of attacks in Lima against facilities linked to U.S. interests, such as the U.S. Embassy, and against the diplomatic missions of Italy, Israel, and Great Britain as part of its proclamation of "militant support for the Arab people."

The destruction of the U.S. restaurant is the first attack against a building in Lima among the many subversive attacks carried out by the MRTA and its rival, the fanatic Shining Path guerrilla organization.

Witnesses told AFP that about seven MRTA members carrying submachine guns and grenades entered the luxurious restaurant in the Miraflores District and forced about 40 clients to leave the restaurant because

they were going to blow up the place. The subversives put several charges of dynamite—about 50 kg—in various parts of the restaurant. Meanwhile, the restaurant's clients and employees quickly evacuated the place, which blew up immediately after the terrorists escaped.

Three people were trapped inside a small car parked next to the building when large pieces of concrete fell on the car. According to a medical report, they are in very serious condition and their situation is critical. Six people who were walking in the area were also seriously wounded when pieces of glass from an adjacent building fell on them. Three tenants in the same building were also wounded by broken glass in their apartments.

The MRTA subversives distributed pamphlets in support of the attack. The pamphlets were confiscated by the police.

In another incident, the MRTA first announced the hijacking of American Airlines Flight 910, carrying 148 passengers, in telephone calls to the Lima airport, and later announced it would be destroyed by mortar fire if the plane landed in Lima. As a precautionary measure, the plane was ordered to land at Pisco Air Force Base until officials could assure the airline pilot of the plane's safety.

Officials said the plane left Pisco this afternoon for Lima airport, where it landed without incident.

'Alleged Subversives' Kill, Kidnap Businessmen

PY0102221691 Madrid EFE in Spanish 2031 GMT 2 Feb 91

[Text] Lima, 1 Feb (EFE)—The Lima Prefecture has reported that alleged subversives today murdered a Peruvian executive and kidnapped a Brazilian businessman.

Augusto German Marco Mauricio, manager of the Jersi company which sells coffee, was approached by three men and a woman who shot him as he was leaving his home in the Los Olivos district.

The executive was killed instantly by four shots to the head.

The report also indicates that Brazilian businessman Gerardo Vieira was kidnapped as he left his home to go to work.

Yesterday alleged terrorists also murdered executive Gabriel Bonifaz, manager of the Artesa company, apparently in revenge for refusing to make the "payment" demanded by the terrorists.

The wave of terrorist attacks in Lima has increased in the last few days with two attacks to the U.S. Embassy in six days and the explosion of three car bombs during January inside the Interior Ministry, the Lima airport, and an expensive restaurant.

These attacks caused two deaths, dozens of wounded, and considerable material damage.

Man Arrested for Sending Ammunition Via Parcel

PY0202024291 Lima RTP Television Network in Spanish 0100 GMT 2 Feb 91

[Text] The police arrested a man who on 30 January sent a package containing ammunition to Uchiza via the Transmar bus company parcel service. The man, whose name is Orlando Caceres Rosario and who is an alleged member of a terrorist cell, was arrested as he was trying to send a second package by the same bus company. Bus company employees identified him and immediately called the police who forced him to open the parcel which contained 20 boxes with 400 bullets for FAL rifles all hidden in roasted corn. Caceres was immediately taken to the local police station.

It has been learned that on 30 January Orlando Caceres sent a package in the name of Maria Cela Gomez for Julio Tolentino Gomez in Uchiza, but the police in the Huanuco police control post, discovered the real contents of package and detained the Transmar bus along with its passengers, driver, and assistants.

Foreign Minister on Relations With Ecuador

PY0102153091 Lima RTP Television Network in Spanish 0100 GMT 1 Feb 91

[Text] Foreign Minister Vice Admiral Raul Sanchez Sotomayor has reiterated that our country is faithful to and respectful of international treaties and is making every effort to promote integration, maintaining close and friendly ties with neighboring countries.

The foreign minister made these remarks in response to claims that Ecuador is disregarding the Rio de Janeiro Protocol.

[Begin recording] [Reporter] As has always been the case during this time, Ecuador is conducting a negative campaign against our country, trying to disregard the Rio de Janeiro Protocol. Furthermore, they are implementing an aggressive policy in Latin America, even sending maps that do not consider Peruvian territory. What is the Foreign Ministry doing to counteract this type of negative information on our country?

[Sanchez] First, the communique issued by the Ecuadoran Government, by the Ecuadoran executive branch, is not necessarily as aggressive as you indicate. Indeed, every year there is normally a reaction by the people, especially in Guayaquil.

I can tell you, however, that Peru is maintaining close ties with neighboring countries. We are aimed firmly at achieving real economic and social integration and we are making every effort to reactivate this integration process.

[Reporter] Mr. Minister, the Ecuadoran Congress, however, intends to disregard the Rio de Janeiro Protocol.

[Sanchez] That is a report that comes out every year as this date approaches. As I have just said, however, it is important to note that the communique issued by the Ecuadoran executive branch does not necessarily say that. [end recording]

Foreign Minister Comments on Rio Group Meeting

PY0102152091 Madrid EFE in Spanish 0153 GMT 1 Feb 91

[Text] Lima, 30 Jan (EFE)—Peruvian Foreign Minister Raul Sanchez revealed today in Lima that economic formulas to support Latin American countries against the negative effects of the Persian Gulf conflict were studied during the recent meeting of Rio Group foreign ministers.

The minister indicated that the plans that have been outlined will be directed at generating financial mechanisms that will support the region and the Caribbean should problems eventually result from the conflict.

Sanchez also indicated that it was agreed during the talks, which took place in Caracas on 22 January, that a meeting of energy and mines ministers of the 11 members countries of the Rio Group will be called to evaluate the region's petroleum and energy sectors and to analyze the possible consequences of the conflict. He added that the meeting will be held in February, but the place and exact date still have to be determined.

Regarding the development of the conflict, Sanchez stated that the Rio Group ratified its support of the UN Security Council resolution which ordered Iraq to withdraw its troops from Kuwait, and the group also approved the use of force if Iraq did not obey the mandate.

The minister also noted that the Rio Group will support the tasks being carried out by the UN secretary general, Peruvian Javier Perez de Cuellar, in seeking formulas for peace in the Persian Gulf.

The Rio Group is made up of Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela.

Hurtado Miller on Resignations, IMF Talks

PY0102141091 Lima RTP Television Network in Spanish 1100 GMT 1 Feb 91

[Excerpt] Council of Ministers President Juan Carlos Hurtado Miller, who also serves as economy minister, has reported that the deadline for granting incentives for voluntary resignations [of public servants] has been extended for 15 days. He made this statement after briefing the Congressional Ways and Means Committee on the talks with the IMF.

[Begin recording] [Hurtado] The result that we achieved is that Mr. Camdessus, the IMF managing director, approved the program and promised to seek the support we need to finance the first year of the program, (?which will then be submitted) to the executive board. I hope this will done within the next five or six weeks.

[Reporter] Will the problems in the Persian Gulf hinder IMF aid to Peru in any way?

[Hurtado] No, the countries of the support group [not further identified] have given us very positive signals that they will help us despite the Persian Gulf conflict. We do hope to receive support, because the aid that we need is not very great for that group of countries. [passage omitted] [end recording]

Uruguay

Foreign Minister on UN, Gulf War, Diplomacy

PY0102015091 Montevideo BUSQUEDA in Spanish 24-30 Jan 91 p 40

["Abridgement" of interview with Foreign Minister Hector Gros Espiell at the Foreign Ministry; date not given]

[Text] [BUSQUEDA] A week after the beginning of the Persian Gulf conflict, how would you evaluate it?

[Gros Espiell] The only evaluation I can make is purely factual. It has been demonstrated that it is not an easy military enterprise. One should not take for granted that the war will end with an air attack no matter how massive or how great a technological advantage the United States may have in the framework of the UN coalition. Everything indicates that the situation is becoming more complicated daily. This does not mean that Iraq will win the war. There is another problem: One must realize that these military operations will be long and complex.

[BUSQUEDA] Do you think that the operation was incorrectly approached?

[Gros Espiell] No, neither I nor the government believe that it was incorrect to begin the operations. On the contrary, Uruguay absolutely, radically, and firmly believes that the UN Security Council has proceeded correctly. Uruguay has supported and continues supporting these Security Council measures without any doubts or hidden intentions. We also think that the implementation of Article No. 42 of the UN Charter which foresees the use of force in war operations to maintain or reestablish peace and security is correct.

[BUSQUEDA] The United Nations authorized this action as of 15 January, but the hostilities were initiated by a unilateral decision of the United States. To what extent can it be said that those fighting are "UN forces"?

[Gros Espiell] The only thing that UN Security Council Resolution No. 678 says is that it authorizes the member countries to adopt all the pertinent measures, including war measures, to carry out previous UN resolutions. The last clause of Article No. 42 of the UN Charter authorizes the member countries to begin war actions with air, sea, and land forces. Therefore, they do not have to be UN forces under UN command. We believe that the 15 January deadline did not mean that the diplomatic or political efforts should not continue. I think the UN secretary general may continue his peace efforts within the framework of all the UN Security Council resolutions.

[BUSQUEDA] What can the secretary general do if the only thing that the United Nations accepts is the unconditional withdrawal of Iraq from Kuwait? What margin for negotiation does he have?

[Gros Espiell] He has a very tight margin. Within the current framework, he may only negotiate the withdrawal of Iraq. Perhaps he may take a step further and announce the Iraq's withdrawal for a determined date, under the control of the UN peace forces, not meaning the forces that are currently involved in the war operations. After this is done the border problem between Iraq and Kuwait may then be discussed within a framework of arbitration or of a decision by the International Court of Justice.

[BUSQUEDA] Iraq has insisted on linking its withdrawal from Kuwait with a solution of the Palestine problem. What do you think of this proposal?

[Gros Espiell] It is a very delicate problem to discuss at the moment. Progress has been made with the acceptance of a future Mideast conference. The "link" [preceding word in English] that Iraq wants to establish between the Persian Gulf conflict and the Mideast conference has yet not been accepted. Therefore, the step to be taken forward is not that big.

[BUSQUEDA] What do you think of Iraq's proposal? Do you think it is proper to accept or reject it?

[Gros Espiell] Uruguay has accepted this years ago, and it has not been opposed to the possibility of calling a Mideast conference. Naturally, the terms, participation, and jurisdictions must be taken into consideration to form a definite criteria. Obviously, Uruguay thinks that the explicit acceptance of the existence and independence of the State of Israel is a basic condition for obtaining results in the conference. In all, without undermining confidence in the ability of the UN war operations to reestablish the state of law, it would be desirable for reason to prevail and for a dialogue for peace to be possible.

[BUSQUEDA] Before the war began, you had said that it would not be easy to make Iraq bend. On what did you base your opinion?

[Gros Espiell] I am not a strategist, and I have no military knowledge, but I have studied history and political science. Wars are not managed with computers and technological progress alone. History, the result of the wars through the ages, the force of the national and religious feelings, must all be considered. All these facts must be considered in planning any military operation. I thought it was obvious that a lightning operation against Iraq could only yield results if it caused the downfall of Saddam Husayn; otherwise, a very hard conflict would begin. I am absolutely sure that this war conflict will end with the reestablishment of the violated law, but it is likewise evident that this could not be a matter of one or two days or a military tour.

[BUSQUEDA] Several world leaders have suggested that Saddam is a madman or a psychopath. You have met him in person. Do you believe the same?

[Gros Espiell] I think he is the opposite of a madman. He is a cold and calculating man. Javier Perez de Cuellar referred to this after his trip to Iraq. Saddam is a man that reasons—cold—capable of moving all his chess pieces in a chess game. I think he is completely the opposite of a madman—if by madman we understand an irrational being who acts without logic or sense. Now, if madman means meanness or lack of scruples, or not stopping before anything, he may be called a madman. In any case, we would be referring to a madman who knows where he is going, who knows what he can count on, who reasons coldly, and who has his feet on the ground.

[BUSQUEDA] From the legal point of view, what limits do you think that the United Nations has put on this military operation?

[Gros Espiell] There are two basic aspects to consider. Whatever the solution, the political integrity, sovereignty, and independence of Kuwait must be ensured. At the same time, these war operations must not mean the disintegration or rupture of the political integrity of Iraq. That is why once Iraq withdraws from Kuwait the future political integrity of Iraq must also be ensured, as a UN member country.

[BUSQUEDA] Does this mean that under the aegis of the UN resolutions, it would not be legitimate for the United States and its allies, after Kuwait is freed, to continue attacking Iraq to, for example, overthrow Saddam Husayn?

[Gros Espiell] I would not go that far. Evidently, it would not be legitimate to use these war operations authorized by the United Nations for a purpose different from that established by the UN resolutions; that is, the withdrawal of Iraqi troops from Kuwait. The allied forces in the Persian Gulf are not acting to disintegrate Iraq, or to end with its independence, or to solve its problems with the Kurds or its border problems with Iran or Turkey.

[BUSQUEDA] The United Nations authorized the use of force to free Kuwait. From the legal point of view, does that resolution include the bombing of Baghdad, for example?

[Gros Espiell] The legal interpretation must be as broad as possible. The appropriate measures to meet the desired objectives have been adopted. If it is necessary to fight on the border with Iraq so that it will withdraw from Kuwait, then the fight must be carried out; if military centers distant from Kuwait but essential for Iraq's presence in Kuwait must be bombed, well, they must be bombed. Now, it is essential that those troops which are indirectly complying with a UN mission be absolutely respectful of humanitarian law and not violate the four 1949 Geneva conventions, especially those on prisoners of war, civilian settlements, and troops in the field. Iraq has begun to violate the Geneva conventions.

[BUSQUEDA] Would it not be valid that the allied forces bomb civilian settlements under these conventions and the UN resolutions?

[Gros Espiell] I think not in principle. Except if it were an absolutely necessary option to attain military objectives.

'Attack Mania' Seizing Montevideo Questioned

PY0202171091 Montevideo LA HORA POPULAR in Spanish 26 Jan 91 p 3

[Text] Four detonations were heard in the rear sector of the U.S. Embassy at 1128 yesterday. Police personnel immediately came to the embassy to reinforce the guard at the diplomatic mission and to investigate the incident.

At 1545, when a LA HORA POPULAR reporter spoke with embassy personnel, they had still not found the bullets that were allegedly fired, the marks of their impact, or their respective shells.

The alleged "attack" (this was the word used in reporting the incident to the world, thanks to a hasty press report) was said to have been taken place around noon from a car, possibly a BMW or a VW Santana, which went by at a high speed along Luis Piera Street (according to an embassy report) and from which four shots were fired.

The four consecutive, even detonations reportedly came from the car, which was brown with tinted windows. So far, however, it is has not been established if the detonations were actually made by firearms.

So far everything seems to indicate that the detonations came from the vehicle's exhaust pipe and that they were believed to be shots due to the speed of the car on a street with traffic lights and the nervousness of embassy guards.

Police Chief Inspector Osvaldo Ramon Diaz seems to have arrived at the same conclusion. During a news conference, Diaz said: "(...) there are several reasons for us to rule out an attack and to admit the possibility of the detonations being made by a car exhaust pipe."

"(...) we have found no evidence of shooting, which would have been otherwise very easy to confirm because the wall is made of concrete and the bullets would have fallen right in front of the building. In addition, the hour at which the attack was staged was not the most appropriate one. In fact, 1130 is not a good time for attacks, which are usually staged at night... So far no one has claimed responsibility for the incident; this is odd because attacks usually are aimed at creating a psychological effect."

"EL DIARIO" reported the incident, noting that eight terrorists and two cars were involved in the incident.

In a short report on its police page, EL DIARIO said that two large-caliber bullets were found "impacted in the wall of the building." This was a real scoop to us, the police, and embassy security personnel who—as we said—had not found anything as of late in the afternoon.

The police chief must have been equally surprised at the reported number of attackers, because his subordinates could not see anyone through the tinted glass, as he told the media at a news conference at 1600 yesterday.

Montevideo seems to have been taken over by this attack mania. A few days ago an air pump was mistaken for a bomb, and yesterday an exhaust pipe apparently became a powerful firearm. Bomb threats are being reported everywhere.

A bomb squad from the national fire brigade went to the Israeli medical service association hospital at 2660 Garibaldi Avenue to answer a bomb threat yesterday. As in other cases (remember what happened at the Bank of Boston office in Rodo Park), it was a false alarm.

Police Deny Existence of Pro-Iraqi Commando

PY0202180491 Montevideo LA HORA POPULAR in Spanish 26 Jan 91 p 3

[Quotation marks as published]

[Text] The foreign press and some local newspapers have recently mentioned the entry into our country of a terrorist cell.

According to U.S. newspapers such as THE NEW YORK TIMES, our country, especially our capital, Montevideo, is supposedly one of the most susceptible places for this type of attack.

Asked about this subject and about the possible entry of a terrorist commando, Police Chief Osvaldo Ramon Diaz said:

"The opinion regarding our city's susceptibility to that type of attack rests on the shoulders of THE NEW YORK TIMES. I am not sure of the basis for that report, but that is its opinion.

Regarding the entry of a pro-Iraqi commando into our country, we have no precise information that this commando really exists. We believe this type of report could have another connotation, and I have expressed this to the Foreign Ministry."

Qualified sources have assured LA HORA POPULAR that the origin of the report can be laid at the feet of Mar del Plata [Argentine] businessmen, who are trying to stop tourists from visiting our country.